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FINANCIAL TIMES

No. 27,667 Wednesday September 20 1978 ***15p

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NEWS SUMMARY

GENERAL

Nine die as relief plane crashes

Nine people died when a transport aircraft, being used to pick up relief supplies for Iran's earthquake victims, crashed on landing and burst into flames at Teheran's main air base.

Four people on board survived the crash, and the dead included an air force general and two women civilians.

Rescue teams continued to dig out more bodies from devastated buildings in the north-eastern Khorassan province, where the death toll has now risen to 25,000.

Particle found

X-Rays in Paris have revealed a small metal particle in the back of Bulgarian journalist Vladimir Kostov, who claims he was the target of an assassination attempt similar to that alleged to have killed fellow defector Georgi Markov in London.

Fumes kill three

At least three people died when a cloud of poisonous fumes escaped from a Genoa tannery. Forty people, several of whom were seriously ill, were taken to hospital after the accident.

Nuclear plants

Sir John Hill, chairman of the UK Atomic Energy Authority, told the Vienna-based International Atomic Energy Agency that the UK had achieved a major breakthrough in making nuclear power stations safer—by removing radiation from exhausted reactors. Page 7

Silkin sees video

Attorney General Mr. Sam Silkin saw a video recording of Russell Harty's television chat show "Saturday Night People," responsible for a new trial being ordered in the Old Bailey secrets case.

Suspects cleared

Two young boys in Lanarkshire, suspected of having typhoid, have been cleared after hospital tests. In Birmingham, two elderly people poisoned by a tin of salmon are making medical history by being the oldest to survive botulism.

Jail siege ends

Nine armed prisoners and a woman, holding seven hostages in a Nicosia jail since an abortive escape bid on Saturday, surrendered to police.

Army warned

The Provisional IRA warned that unmarked cars leaving Army premises in Ulster would be considered "legitimate targets." The move follows the Army's increasing use of plainclothes surveillance and unmarked vehicles.

Refugees aided

A British tanker picked up 185 Vietnamese refugees from a boat in the South China Sea and took them to Manila. The captain was seeking UN assistance in persuading the Philippine authorities to allow the refugees to land there.

Spiders found

Deadly black widow spiders have been found at a top secret Government base at Boscombe Down, Wiltshire. It is thought that the spiders climbed into helicopters working in the Californian desert.

Drivers fined

Twelve foreign lorry drivers were fined a total of £823 by Coventry magistrates for offences including overloading and using defective tyres, after a police check on the M1.

Briefly . . .

Challenger Viktor Korchnoi appeared slightly ahead when champion Anatoly Karpov sealed his 42nd move in the World Chess Championship.

A 17-year-old Frenchman who attached a wire carrying an automatic 220-volt charge to his arm to wake himself up in the morning, was killed by the device.

Italian judges started a three-day strike for higher pay.

Earth tremor shook Livono in Yugoslavia. No casualties were reported.

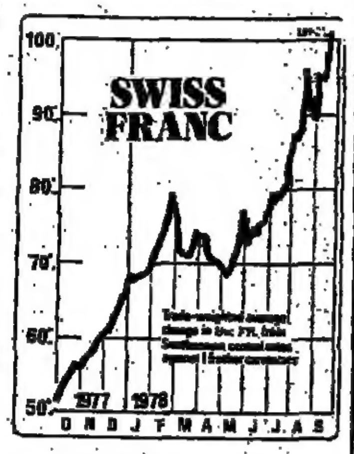
BUSINESS

Equities subdued; Swiss Fr record

● EQUITIES were subdued, and the FT ordinary index closed 5.6 down at 525.2.

● GILTS eased at the short end in lack of investment interest and the Government Securities index closed 0.01 down at 70.57.

● STERLING rose 30 points to $1.9625 and its trade-weighted index rose to 62.9 (62.8). The dollar lost ground in nervous trading and its depreciation, on



Morgan Guaranty figures, was unchanged at 8.9 per cent. The Swiss franc's appreciation on the same basis rose to a record 101.2 per cent (99.8), the first currency ever to pass the 100-mark.

● GOLD rose $1¼ to $212¾ in

● WALL STREET was 4.77 down at 865.38 just before the close.

● U.S. TREASURY bill rates were: threes 7.884 per cent (7.695); and sixes 7.979 per cent (7.792).

● EEC has started anti-cartel proceedings against more than 30 aluminium companies throughout the world, including Comecon countries. The case centres around the alleged purchase of "Russian metal" from four East European countries for resale at a higher agreed price within the Market. Back Page.

● NORWEGIAN government is considering a scheme to buy up merchant ships which crisis-hit Norwegian owners might otherwise be forced to sell abroad. The scheme would be financed by a Kr 1.5bn tranche of Guarantee Institute for Ships and Drilling Rigs loan capital. Back Page

● MARATHON SHIPBUILDERS and shop stewards have criticised junior energy minister Dr. Dickson Mabon for suggesting that the U.S.-based company was deliberately witholding orders from the Clydeside yard. Marathon has issued protective notices to 900 of its workforce. Page 7

● BL BATHGATE shop stewards hope that a return to work next week by the 1,500 machinists whose unofficial strike has halted the truck and tractor plant for six weeks will persuade BL management to reinstate its £32m investment programme. Leaders of the unofficial strikers at SU Fuel Systems will urge an all-out strike by 3,000 BL Cars toolmakers. Back Page

● ASTLEY AND PEARCE, one of the two leading British money brokers, will be the first foreign broker allowed to deal in Japan when it starts trading in Tokyo on October 2. Back and Page 23

● TRAFALGAR HOUSE, owner of the Daily Express, will launch a new financial newspaper early next year called the Financial Weekly to be published on a Friday and under the control of a new company Fleet Financial Publishing. Page 10

● GREEN SHIELD trading stamps company has signed contracts with about 100 petrol stations selling diesel fuel to give trading stamps on sales, in an attempt to counter some of the setbacks of the past year. Page 10

COMPANIES

● BANK OF SCOTLAND reports pre-tax profits for the half year to August 31 down by 4.4 per cent to £13.34m (£13.96m). Page 24 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

arose	81	+ 4
wn and Jackson	228	+ 18
lish Property	42	+ 3
ry Pickering	90	+ 5
bgate Optical	40	+ 5
erty	200	+ 15
ns (J.)	140	+ 4
I Furniture	144	+ 6
gan Edwards	65	+ 5
tax (London)	40	+ 4
dalls	84	+ 6
yon PBWS	108	+ 8
I	134	+ 6
sident Brand	£10½	+ ½
a Expln.	875	+ 38

FALLS

Baird (Wm.)	190	− 6
Bank of Scotland	282	− 21
Boots	217	− 5
Burton A	163	− 7
Camrex	52	− 8
ICI	397	− 6
Intnl. Timber	132	− 5
LWT A	142	− 10
Lloyds Bank	268	− 6
Pearson Longman	222	− 18
Racal Electronics	336	− 8
Sime Darby	120	− 6
Simon Eng.	284	− 9
Steetley	196	− 6
Thomson Org.	265	− 8
Siebens (UK)	394	− 14
Anglo-Amer. Corp.	382	− 11
De Beers Dfd.	448	− 15

Cabinet to discuss Bingham report tomorrow

Government 'knew of sanctions busting'

BY MARTIN DICKSON and KEVIN DONE

THE CABINET will discuss tomorrow whether there should be a further inquiry into the Rhodesian oil sanctions-busting disclosed by the Bingham Report.

The report, published yesterday, reveals that the 1966 to 1970 Labour Government was aware that the breaches had been taking place, but chose to keep this secret.

Two of its other main conclusions are that southern African subsidiaries of Shell and BP sold oil directly to middlemen acting for the Rhodesian Government in seven of the years since the imposition of sanctions in 1965, and that for a further three years the subsidiaries were involved in a complicated "swap" arrangement with Total under which Rhodesia was supplied with oil.

The report, by Mr. Thomas Bingham QC, finds that both the British Government and the London head offices of Shell and BP condoned the "swap" arrangement with Total, said to have existed between 1968 and 1971.

But it adds that during much of the time since 1965 the Government and the top management of the oil companies were ignorant of the full position adopted by the oil companies' subsidiaries.

"This ignorance led the Government and the top management of the groups unwittingly to make statements and give assurances which they would not have done with full knowledge of the facts," Mr. Bingham states.

However, he adds that the oil companies should not have let the subject slip "so far into the background."

The report is particularly critical of Mr. L. C. V. Walker, general manager of the joint Shell-BP operation in South Africa until 1973, for failing to lay the full facts before his superiors in London.

Strong calls for a full public inquiry came last night from Mr.

Details, Page 12
Editorial Comment, Page 22

David Steel, Leader of the Liberal Party, and from prominent Left-wing Labour MPs.

Mr. John Davies, Tory shadow Foreign Secretary, stopped short of demanding a formal investigation, but declared that "such matters cannot be swept under the carpet."

The terms of reference given to Mr. Bingham were limited to establishing the facts concerning suply of oil to Rhodesia. His report does not dwell in detail on the political considerations behind the Government's action.

In view of the great political controversy stirred up by the report, some Ministers feel a fuller inquiry is inevitable.

Shell welcomed the report last night because it emphasised the difficulties and complexities of Rhodesian oil supplies. The board of BP will meet today, and a statement be issued afterwards.

But both companies denied that any arrangement still existed for them to be compensated for business with Rhodesia. Assurances have been given by their subsidiaries in southern Africa.

The report has already been referred to the Director of Public Prosecutions. An annexe to the main report gives cross-references to evidence in the text which, Mr. Bingham says, "may be relevant when considering whether offences against the sanctions orders have been committed."

However, at the request of the Director of Public Prosecutions this annexe was removed from copies of the report issued yesterday.

Mr. Bingham comes to 33 major factual conclusions as to Rhodesia's past oil supplies. However, he says it would be worng to asumes that all these events were known to Shell and BP in London at the time the events were taking place.

He finds that:

● Upon imposition of sanctions in 1965 Shell and BP sought the compliance of their southern African subsidiaries with its terms.

● From December 1966 Shell Mozambique, jointly owned by Shell and BP and incorporated in Britain, began delivering oil at Lourenço Marques to a South African company (Parry Leon and Hayhoe), which then sold these products to the Rhodesian Government purchasing agency.

● Until January 1968 the Shell and BP groups in London believed that no sales were made by the "consolidated marketing companies in South Africa and Mozambique" (the joint Shell and BP subsidiaries) to customers who were known or thought to be selling the products on to Rhodesia. That belief was based on information and assurances from Mr. Walker. The assurances were passed on to the British Government, which until the close of 1976 fully accepted them.

● In February, 1968, representatives of Shell and BP disclosed to Mr. George Thomson, then Commonwealth Secretary, that deliveries had in the past been made free on rail by Lourenço Marques to customers who had re-sold to Rhodesia.

Arrangements, he was told, had been made to ensure that orders placed by "suspicious customers" would henceforth be met

Continued on Back Page

U.S. move over EEC exports could put GATT talks at risk

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, Sept. 19.

A SERIOUS new source of friction has arisen between the U.S. and the EEC which could jeopardise the success of the GATT multilateral talks on trade liberalisation, now entering their final phase in Geneva.

The talks have been put at risk by the Carter administration's official conclusion that it will be unable to persuade Congress to extend beyond January 4 next year the temporary legislation authorising the U.S. treasury to waive countervailing duties on subsidised exports from the EEC.

This assessment, given in a letter to the European Commission last month by Mr. Robert Strauss, President Carter's special trade representative, provoked acute concern among EEC foreign ministers, who met here to-day.

The ministers have authorised Herr Wilhelm Haferkamp, EEC External Affairs Commissioner, to send a strongly-worded reply warning that the EEC cannot be expected to continue the GATT talks while facing the threat of a trade war.

Unless the waiver is renewed, the U.S. Treasury will be obliged by law to impose automatically punitive duties on some EEC exports, mainly of foodstuffs and agricultural products, against which countervailing cases have been brought over the past three and a half years.

Exports directly affected are worth almost $500m a year. There is a risk that if the waiver lapsed before the Congress enacted the proposed GATT agreement, American business interests would bring applications for countervailing action against other products.

The enforcement of the U.S. countervailing duty law is considerably more elastic than the official GATT rules, because it does not require a finding that subsidises imports have caused material injury to domestic industry.

The EEC has decided to take a tough line. Heer Haferkamp's letter makes it clear that the EEC regards renewal of the waiver as an exclusively American problem and that it is not prepared to make further concessions to the U.S. in the trade talks to try to appease Congress.

It is pointed out in Brussels that Congress originally approved the four-year waiver clause (and a subsequent automatic imposition of duties) as part of the 1975 Trade Act, in a move to strengthen the U.S. bargaining position over subsidies in the GATT negotiations.

The U.S. has long complained that restitutions paid by the EEC to exporters of agricultural products are a "bounty grant" explicitly prohibited by the countervailing duty law. The EEC, in return, has been pressing the U.S. to insert a "material injury" clause into its countervailing duty legislation.

Last June, the EEC, th eU.S. and Japan agreed to complete by December 15 talks on a new trade liberalisation package, which would include an agreement to abide strictly by the GATT rules

Mr. Strauss was then reminded by EEC negotiators that the expiry of the countervailing duty clause could create an obstacle to completing the talks, but he was apparently confident that the obstacle could be circumvented.

Since then, he appears to have had second thoughts, and now believes any request submitted by the administration for an extension of the waiver would be festooned with a highl yprotectionist amendments by Congress.

Mr. Edmund Dell, the British Trade Secretary, to-day said that although few British exports were directly affected by the countervailing duty cases now pending, he fully endorsed the EEC's hand.

"It would be very hard to complete the trade negotiations when we have something like this hanging over our heads."

Pearson shares bid defeated

BY ANDREW TAYLOR

THE MINORITY shareholders of Pearson Longman publishing group yesterday blocked S. Pearson's £38m bid to acquire the outstanding 36 per cent of their company.

Pearson had needed to win 75 per cent of the votes cast at yesterday's extraordinary meeting to proceed with the offer. In the event almost a third of the 11.93m shares voting were against the offer.

Mr. Michael Hare, chief executive of S. Pearson, said he was disappointed but not surprised by the vote. He said that he could not envisage the group making another bid for the minority shares.

Just over 1,000 shareholders controlling 8.06m shares voted in favour of the deal while 97 shareholders representing 3.87m voted against. In a strong turnout, almost 80 per cent of the 15m minority shares eligible for votes were cast.

S. Pearson's interests include Lazard Brothers, the merchant bankers, and the Doulton pottery, glass and engineering business as well as its stake in Pearson Longman—which includes the Financial Times, the Westminster Press local newspaper chain, Penguin Books, Longman Holdings and Ladybird Books in its stable.

Opposition to the deal had been led by four institutional shareholders—Clerical, Medical and General Life Assurance, Atlas Electric and General Trust, British Petroleum Pension Trust and Equity and Law Life Assurance—which had said that S. Pearson's terms were too low.

Mr. Peter Wakefield of Clerical and Medical said that he was delighted and surprised by the measure of support the institutions had gained. He said that the bid had been rejected purely on the grounds that the offer was too low—opposition to the deal had not emerged because any great principle was at stake.

Earlier, Lord Drogheda, a director of Pearson Longman and chairman of yesterday's meeting had appealed to Mr. Wakefield and his colleagues not to deny "the very large numbers of shareholders who have accepted the offer the tangible advantages of the merger."

Mr. Wakefield, however, said that the institutions felt they should persist in rejecting the deal not because the commercial logic was wrong but because of the "nature and value of the terms."

He said that Pearson's offer—of one of its shares plus 30p cash for every Pearson Longman share—valued the group at only 4½ times Pearson Longman's pre-tax profits for the year ending June 30.

This, he said, was no more than the average valuation for a British industrial company and did not take into account the takeover element, or Pearson Longman's first class prospects and strong balance sheet.

Continued on Back Page

Assad agrees to talks with Vance

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Sept. 19.

PRESIDENT ASSAD of Syria has agreed to talks with Mr. Cyrus Vance this week in the course of the U.S. Secretary of State's critical negotiations in the Middle East following the Camp David accords.

Last night, in an address to a wildly enthusiastic joint session of Congress, President Carter disclosed that Mr. Vance would be leaving tonight for talks with King Hussein of Jordan and King Khaled of Saudi Arabia, both of whose backing for the Camp David peace framework is indispensable.

After a Cabinet meeting in Amman today, presided over by King Hussein, the Jordanian Government issued a statement saying it would not be bound by agreements it had not helped negotiate. But the initial reaction of U.S. officials was that this constituted something much less than outright condemnation of Camp David and did not make Mr. Vance's impending talks unnecessarily difficult.

No public reaction has yet been received from Saudi Arabia, though this does not surprise the U.S. Administration. President Anwar Sadat, of Egypt, said last night that he expected the Saudis to back Camp David privately but to say nothing publicly, at least until after Mr. Vance's briefing.

The addition of Syria to Mr. Vance's itinerary represents a determined attempt on the part of the U.S. to prevent Arab attitudes from solidifying into two diametrically opposed camps. It is acknowledged here that the task in Damascus will tax even the Secretary of State's considerable diplomatic qualities. Semi-official Syrian sources have already denounced the Camp David agreements, while President Assad himself is due to host a meeting of the "rejectionist" Arab States starting tomorrow.

Initiative

The State Department spokesman emphasised today that the object of the Damascus meeting, scheduled for next Saturday, would be to explain not negotiate. President Sadat this morning welcomed the initiative.

Both Mr. Sadat and Mr. Menahem Begin, the Israeli Prime Minister, talked to senior members of Congress today before separate ceremonial sessions with President Carter in the White House. Mr. Begin is due to leave Washington tonight for talks in New York with prominent American Jews, while Mr. Sadat is scheduled to leave for Morocco tomorrow.

In their appearances on Capitol Hill and in a spate of television interviews broadcast last night, both leaders continued to speak warmly of the spirit and achievements of Camp David. But both also gave indications of the difficulties that still lie ahead.

Mr. Begin, for example, said on television that Israel would never allow the repartition of Jerusalem, whereas Mr. Sadat stressed Arab claims to the Holy City which he said had to be incorporated in the ultimate peace framework.

The U.S. position all along has been that resolution of the intractable problem of Jerusalem is better left until later in the negotiating process. Nevertheless, Mr. Sadat confirmed last night that he nearly walked out of the Camp David summit late on Sunday night over the Jerusalem issue and was only talked out of it by the personal intervention of President Carter. In the event, Mr. Sadat and Mr. Begin have exchanged letters on Jerusalem, which will be made public

Essential

Mr. Begin was also at pains to stress that Camp David did not bind Israel to withdraw totally from the West Bank and the Gaza Strip even after the proposed five-year transition government had been succeeded by full autonomy of a Palestinian entity in the two areas.

He added that though there would be no new Israeli settlements in the course of the next few months while an interim regime was being worked out, further settlements later could not be ruled out.

In spite of these reservations, adulation continued to be poured on to the head of President Carter today, to such an extent that prominence was even given in local newspapers here to the pronouncements of the proprietor of my local—and indisputably excellent—delicatessen, a member of a well known Jewish family, who averred that though he had never voted for a Democrat in his life, he would sign his name to President Carter in 1980.

The only dissenting note came from Senator James Abourezk, of Lebanese extraction, who retires this year from his seat in South Dakota.

In a Senate speech this morning, Mr. Abourezk, whose reputation for independence and honesty has never been disputed, charged that Camp David contained "the seeds of destruction" for millions of people in the Middle East.

Other Middle East news, Page 4

$ in New York

—	Sept. 19	Previous
Spot	$1.9605-9615	$1.9505-9615
1 month	0.48-0.42 dis	0.54-0.48 dis
3 months	1.56-1.52 dis	1.50-1.54 dis
12 months	4.85-4.70 dis	4.90-4.70 dis

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CONTENTS OF TODAY'S ISSUE

FEATURES

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EUROPEAN NEWS

French unions split on jobs protest

BY DAVID WHITE

PARIS, Sept. 19.

THE COMMUNIST-LED CGT union group, over 2m strong, has failed to rally the support of France's other main union body, the CFDT, for nation-wide industrial action in protest against the Government's employment policy.

The leaders of the two unions, M. Georges Seguy, for the CGT, and M. Edmond Maire for the CFDT, met yesterday for the first time since the March general election. Their talks, lasting for just under two hours, ended without an agreement on joint general action, although the two bodies will work together in individual conflicts, in industrial sectors and on a regional basis.

The temperature of relations between the two unions has differed little from that on the political scene between the Communist and Socialist parties. But yesterday's meeting did not produce a direct confrontation, and the two leaders sat side by side afterwards to announce the result.

The Socialist-oriented CFDT (Confederation Francaise Democratique du Travail) declared its opposition to a generalised strike movement. The CGT (Confederation Generale du Travail) is due to decide early next month whether to go ahead on its own with protest action of this kind.

Both agreed, however, in condemning the Government's policy on employment and what they considered inadequate measures to safeguard jobs in the budget package announced the week before last. The most recent unemployment figures showed a 5.6 per cent increase to 1.16m in the number looking for work in August. The CGT, however, claims that the total number of jobless in France is now well past the 1.5m mark.

A CGT delegation, headed by M. Seguy, also held talks yesterday with M. Robert Boulin, the Labour Minister, on a series of government compacts with employees' and employers' representatives. The CGT leader, who is a central committee member of the Communist Party, said afterwards that he had come out "empty handed."

The CGT demanded fresh measures to combat unemployment, including a reduction in the working week, eventually cutting the basic number of hours from 40 to 35, without reducing pay.

The budget's package included tax measures to discourage overtime work, and earmarked funds for job-creating investment and new activities in areas in which steel mills and shipyards were closing down.

M. Seguy said after his meeting that talks with employers were becoming bogged down and that no area of agreement had been found with the Government.

The CGT's Peugeot branch, meanwhile, has invited British, Spanish, and French unionists affected by the proposed Peugeot-Citroen-Chrysler deal to a meeting in Paris. Representatives from Peugeot-Citroen's and Chrysler's Spanish plants had already accepted, and the meeting could take place very soon, CGT officials said.

The French Communists have attacked the terms of Peugeot-Citroen's takeover plan for Chrysler Europe, particularly the acquisition by Chrysler Corporation of a 15 per cent stake in the French group.

New air traffic action expected

BY OUR OWN CORRESPONDENT

PARIS, Sept. 19.

THE LAST has not been heard of the French air-traffic controllers. After their series of go-slows in July and August, employees at three of the four control centres have voted in principle for further action.

The controllers, at Athis-Mons, near Paris, Bordeaux and Aix-en-Provence, did not fix a date, however. National committees of the various unions involved are expected to decide on what action to take at a meeting in Aix-en-Provence tomorrow.

The fourth control centre, at Brest, is due to vote on Thursday on whether to join the movement.

Another work-to-rule week-end has been on the cards since last Friday, after a brief and unproductive meeting between union leaders and M. Claude Abraham, director of civil aviation at the Transport Ministry.

The Government had proposed that the meeting would put the finishing touches to measures on pay and conditions foreseen at a previous meeting just over a month ago. The controllers, on the other hand, were looking to a fresh set of offers.

The Government has gone part of the way on the pay demands, affecting the current system of bonus payments, but there has been no progress on several other questions, including the controllers' insistence on their right to strike.

The last go-slow period of 10 days ended at the beginning of this month. By adapting their timetables, airlines managed to keep delays to a minimum, the worst-hit being charter operators. Earlier protest weekends wrought havoc with holiday flights throughout much of Europe.

The Government has been hoping that the growing unpopularity of the controllers' movement would discourage them from pursuing their action, but the controllers appear to be more hardened in their resolve.

Swedish visit

Norwegian Premier Odvar Nordli arrived in Stockholm yesterday for a two-day official visit to discuss oil deliveries to Sweden and the Norwegian-Swedish agreement on Volvo cars, Reuter reports from Stockholm. Sweden, which relies for 70 per cent of its energy on imported oil, mostly from the Gulf, is keen to develop energy agreements with Norway and trade technology for oil. The proposal this summer for Norway to buy a 40 per cent stake in Sweden's Volvo car company has run into opposition in Norway where labour, industry and opposition political leaders claim to see little profit for Norway in the deal.

Ecevit holds his majority

By Metin Munir

ANKARA, Sept. 19.

TURKISH Prime Minister, Mr. Bulent Ecevit, has reaffirmed that he has a majority in the National Assembly, eliminating doubts about the strength and durability of his eight-month old administration.

A total of 218 members showed up at the 450-member National Assembly to-day at Mr. Ecevit's request to attend an extraordinary session, a strength tantamount to a vote of confidence.

Doubts about Mr. Ecevit's strength arose yesterday when Deputy Prime Minister, Mr. Turhan Feyzioglu, resigned and withdrew his tiny Republican Reliance Party (RRP) from the Government. In the process, however, Mr. Feyzioglu lost the only other MP of his party when Mr. Salih Yildiz, the Minister of State, resigned from the RRP and remained in the Cabinet.

Mr. Feyzioglu's resignation led to speculation that others might follow, depriving Mr. Ecevit of his slim Assembly majority (10 Ministers are independent right wing members).

Mr. Ecevit's 214 Republican People's Party deputies rely on the support of 14 or more independent right-wing deputies and the sole representative of the Democratic Party for their ruling majority.

The presence of 228 deputies in the Assembly today proved that the speculation is baseless. All opposition parties and deputies boycotted the sitting.

Romanian army only for defence, says Ceausescu

BY PAUL LENDVAI IN VIENNA

AMID RUMOURS of a forthcoming Warsaw Pact summit meeting in Budapest, Mr. Nicolae Ceausescu, the Romanian President, recently reaffirmed that the Romanian army will in no circumstances take part in a war against another people. Its only mission was the defence of the homeland, he added.

Mr. Ceausescu, who is also supreme commander of the Romanian armed forces, stated this at a two-day conference of senior military personnel and party officials attached to the army last week.

The full text of his speech confirms the impression of firm resistance to external pressures. Time and again, he said that the Warsaw Pact was founded 23 years ago as an instrument of defence against an imperialist attack.

Stressing the need for strengthening collaboration with the Warsaw Pact armies, he made it clear that Romania will fulfil its obligations under the treaty "if an aggression starts against any Socialist State in Europe."

The Soviet Union, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland and Romania belong to the pact; Albania left it in September 1968.

The timing and tone of the Romanian statement are regarded by diplomatic observers as highly significant. Romania is the only Warsaw Pact country which not only maintains, but has recently intensified, military co-operation with China.

Since last summer, three Chinese military delegations, each headed by a deputy chief of staff, visited Romania, which dispatched similar missions to China.

Since 1976, Romania has purchased more than 20 gun- and torpedo-boats from China.

At a time of sharpening conflict between Moscow and Peking, and growing danger of a military conflict between China and Vietnam, the Kremlin is understood to be pressing for accelerated military integration.

But President Ceausescu repeatedly stated that Romania will continue to develop "the exchange of experiences" with the armies of other Communist countries.

Stronger cooperation in the military sphere, and elimination of the differences between "some socialist countries," were important factors in the successful building of socialism in each country, he added.

Mr. Ceausescu also spoke in favour of contacts with the armies of other states—that is, in the West. Only eight days earlier, he attended military manoeuvres in Romania.

Meanwhile, Yugoslav news reports about a forthcoming visit by Mr. Leonid Brezhnev, the Soviet leader, to Hungary and a subsequent Warsaw Pact meeting in Budapest during the first half of October have not yet been officially confirmed by East European officials.

The last East bloc summit took place in Bucharest in November 1976, preceded by an official visit by Mr. Brezhnev to Romania.

A meeting of what is officially called the political consultative committee of the Warsaw Pact is certainly overdue. It would now be the turn of Hungary, which last played host to such a summit in 1969. At the last summit a joint secertariat and a committee of Foreign Ministers was set up.

The Foreign Ministers met last April in Sofia, and the Council of Defence Ministers, the highest body in the military sphere, met in February this year in Moscow.

Full-scale summit meetings are attended by the first secretaries of the Communist party, heads of government, and th[e] Foreign and Defence Minister[s] of member-countries.

For many years, Romania ha[s] enjoyed a kind of speci[al] position in the pact. Thus th[e] last military manoeuvres [on] Romanian territory took plac[e] in October 1962, involvin[g] Soviet, Bulgarian and Romania[n] units.

Since then, only occasiona[l] "map exercises" at staff-office[r] level but without units wer[e] allowed to take place in Romani[a].

The last such exercis[e] involving Romanian, Soviet an[d] Bulgarian staff officers was hel[d] in March this year under th[e] leadership of Soviet Marsha[l] V. G. Kulikov, the commander-i[n-] chief of the joint Warsaw Pac[t].

A policy statement recentl[y] issued by the Soviet Politbur[o] called for faster integration an[d] a strengthening of unity of th[e] Soviet bloc.

The usually well-informe[d] Moscow correspondent of th[e] Belgrade daily, Politika, reporte[d] that China's "dynamic emergen[ce] on the international stage," an[d] a sharpening Sino-Soviet co[n]frontation, coupled with a revie[w] of East-West relations, would [be] the main items on the agenda [of] the projected summit.

Chairman Hua Kuo-feng['s] recent visit to Romania—an[d] Yugoslavia—appears to hav[e] strengthened the hand of thos[e] in the Soviet leadership pres[s]ing for accelerated political an[d] military integration.

The Romanian Presiden[t's] blunt statements about the pu[r]pose of the Warsaw Pact a[nd] the function of the Romania[n] army must be seen against th[is] background.

Significantly, Mr. Ceausesc[u] also called for a strengthenin[g] of military order, discipline an[d] responsibility in the arme[d] forces.

Romania is the only Pa[ct] member-State where no Sovi[et] troops are stationed. The la[st] Soviet units left the country i[n] June 1958.

Thirty-one Soviet division[s] are now stationed in Central an[d] Eastern Europe—20 in Eas[t] Germany, two in Poland, four i[n] Hungary and five in Czech[o]slovakia.

Italy's payments surplus reaches record £980m

BY PAUL BETTS

ROME, Sept. 19.

THE SUBSTANTIAL improvements was again confirmed today ments was again confirmed today by Bank of Italy provisional figures showing a record surplus of L1,415bn (about £980m) last month.

This brings Italy's payments surplus over the last eight months to about L4,900bn against a surplus of about L410bn in the same period last year.

The latest figures, which also show an increase of about L1,000bn in August in the country's foreign currency reserves—now standing at more than $10bn—are well in line with the Government's target of an overall current account surplus of more than L3,000bn this year.

The August figures in pa[rt] reflect the traditional inflow [of] tourist revenue. But the marke[d] turnaround in the country's pa[y]ments position largely resu[lts] from the favourable effects [of] the fall of the dollar and an i[m]provement in the terms of trad[e].

This follows a reduction [in] imports due to the industri[al] slump and increased export pe[r]formance. Italy's trade deficit i[n] the first seven months of th[e] year totalled L548bn—well belo[w] the deficit of L1896bn in th[e] same period last year.

Signs of a modest recovery [in] industrial output are now ev[i]dent, with a forecast increase [of] 2.3 per cent this year and 3.4 p[er] cent next. Export growth seem[s] to be slackening.

Eoka-B surrender ends siege at Nicosia prison

BY OUR OWN CORRESPONDENT

NICOSIA, Sept. 19.

SEVEN HOSTAGES held by armed Eoka-B prisoners in Nicosia's central prison since Saturday were freed unharmed today when their captors surrendered to the police.

The three-day siege ended early this afternoon when the nine prisoners, led by Vassos Pavlides, handed over their weapons after appeals from two of their lawyers. Assurances were given by the police that lawful procedures would be observed.

The siege began after Pavlides's fiancée, Andoulla Neocleous, smuggled a loaded pistol into the prison on Saturday. She then joined the prisoners in their coup. The prison was surrounded by police and troops who blocked routes to it with armoured cars. Six Eoka-B men who started the mutiny were joined later [by] three other prisoners.

The freed hostages, fou[r] prison guards and three police[]men, were given an emotiona[l] welcome this afternoon by wai[t]ing relatives and were the[n] driven to a meeting with Pres[i]dent Spyros Kyprianou, wh[o] congratulated them on the[ir] "brave stand."

The outcome will undoubted[ly] boost the position of Preside[nt] Kyprianou who refused to bo[w] to the prisoners' demand for [a] safe passage out of the countr[y].

The hostages told reporte[rs] they had been without food f[or] the three days, but did not a[sk] the prison authorities to provi[de] any, so that their captors wou[ld] starve as well. The hostag[es] said their hands had been [tied] throughout the three days.

Franco minister gives evidence in murder case

MADRID, Sept. 19.

A FORMER minister under Franco and a leading Falangist today gave evidence to a judge investigating the murder of five Communist lawyers last year.

Sr. Raimundo Fernandez Cuesta, veteran leader of the Fascist Falange and twice a minister under Franco, and Sr. Juan Garcia Carres, also a Falangist and a former head of the defunct Francoist official trade unions, appeared before the judge in the National High Court. Neither is accused of any offences.

The judge is investigating the murder on January 24 last year of five Communist lawyers, machine-gunned in their office with four colleagues who were badly wounded but survived.

The attack occurred in what has become known as the "tragic week" of Spain's transition to democracy, when 10 people, including the lawyers, were killed, and a top army general kidnapped.

Seven right-wingers have been arrested in connection with the lawyers' murder and judicial investigations have been going on for almost 18 months.

Reuter

Red Brigades guerrilla accuses court

Corrado Alunni, the captu[red] member of the Red Brigade[s] terrorist group told a hea[vily] guarded court in Milan yester[day] that his trial had become [an] execution, Reuter repo[rts]. Arrested last Wednesday in a [flat] full of weapons including [a] machine gun, Alunni faces [a] charge of illegal possesion of [] arms.

An arrest warrant has [] been issued accusing him of tak[ing] part of the kidnap of form[er] Premier Aldo Moro on March []. No information has been relea[sed] about any trial on this charge.

Judges strike

Italian judges started a three[-day] strike yesterday for higher [pay] and more public spending [on] courts and prisons, Reuter wr[ites] from Rome.

Olivetti over-manning

Olivetti said it has 3,500 em[]ployees more than it needs in It[aly] and expects to reduce its wor[k]force by natural wastage, Reu[ter] reported. The company attribu[ted] the over staffing to the transfer [of] electronic technology in its fa[c]tories.

FINANCIAL TIMES, published daily except Sun[]days and holidays. U.S. subscriptions $[] (air freight) $365.00 (air mail) per annum. Second class postage paid at New York, []

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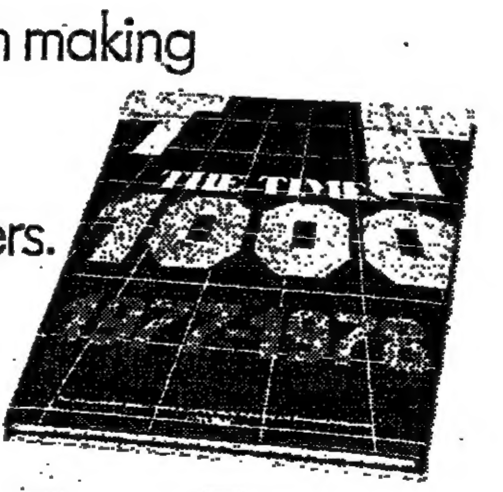

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EUROPEAN NEWS

Spanish Communist bid to end EEC entry row

BY ROBERT GRAHAM

MADRID, Sept. 19.

EFFORTS ARE being made to overcome the serious differences between the French and Spanish Communist parties provoked by the French Communists' hostility to Spain's entry into the Common Market.

The two parties have agreed to prepare papers on their respective positions ahead of a special meeting on the issue, to be held before the end of the year, a senior party official said here.

The French Communists' hostility has caused both embarrassment and considerable annoyance to the Spanish Communist Party (PCE).

The party has strongly supported Spanish entry into an enlarged European Community, seeing the move as an essential means of consolidating democracy in Spain by linking the country to the mainstream of European political life.

This view, the PCE hoped, would be shared not merely by the French Communist Party but by the French Left as a whole, which had always identified itself fully with a restoration of democracy in Spain.

As Spain has begun to negotiate with Brussels in earnest this year, the French Left, especially the French Communist Party, has vociferously opposed Spanish entry—to say nothing of the Gaullists on the Right.

What has upset the PCE is what they see as the opportunism of the French Communist Party. Instead of displaying international solidarity, the French Communist leadership has sought to exploit fears of the repercussions of Spanish entry on the electorate in Southern France.

The PCE understands that the French Communists have their own electoral considerations, but officials feel that the spectre being raised of mass loss of jobs in the South of France due to competition from Spanish agriculture is both unrealistic and unjustified.

Further, to base opposition to Spanish entry into the EEC, first and foremost a political act, on such exaggerated fears is considered ill-judged by the PCE.

Open criticism of the French position has been muted. The PCE have in public limited themselves to saying that the party disagree with their French colleagues but cannot interfere in the workings of another party.

However, Sr Santiago Carrillo, the PCE leader, was sufficiently concerned to initiate at short notice a meeting in Paris on September 5 with M. Georges Marchais, leader of the French Communist Party.

Taking the view that it was best to find common ground, rather than exacerbate the issue, Sr Carrillo has been able to persuade the French Communist Party to prepare a dossier on their position.

This will be thrashed out at a special meeting of party representatives later in the year.

With each side preparing a detailed analysis of their respective positions, the PCE hopes to be able to isolate the "political" aspects of Spanish entry from the economic consequences, according to senior officials.

They argue that acceptance of EEC membership both by the Nine and by Spain is a political act—and a relatively quick one to accomplish.

More complex and lengthy, perhaps lasting up to 10 years, will be the transition period, during which Spain will adapt to full EEC economic membership.

If the French Communists can be persuaded to forgo their hostility to Spain's political membership of the EEC, the economic objections will be easier to come to accomodate.

Portugal ship strike deadlocked

BY OUR OWN CORRESPONDENT

LISBON, Sept. 19.

ONE OF the longest lasting strikes in Portuguese labour history entered its 83rd day today with few signs that it may soon be resolved. The 112-ship merchant navy has been on strike since June 29 over worker demands for a 20 per cent overall wage rise and better working conditions.

Industry sources estimate that the shipping companies have suffered losses estimated at Es 2bn (£22m) through the action, and because 96 per cent of the fleet belongs to two nationalised companies, the State is footing the bill.

The seamen have rejected an employers' offer of an 11 per cent pay rise and deadlock has followed with the employers steadfastly refusing to negotiate. The difficulties have been compounded by the political crisis which occurred at the end of July and remains unresolved.

The employers say it is up to the State to mediate in the dispute, but mediation machinery has been badly disrupted by the upheavals in government.

The strike has had serious effects on the transport of supplies to various parts of the country especially the mid-Atlantic island possessions of Madeira and the Azores. The regional governments of these two autonomous regions have chartered foreign ships to maintain vital oil and food supplies for their population but at a high cost in precious foreign exchange.

Oil and other supplies to the southern Algarve region were also badly disrupted at the height of the tourist season and at one time there was a severe shortage of aviation fuel for the heavy charter plane traffic into Faro airport, the centre of tourist traffic on the South Coast.

Supplies by road and rail have now eased the situation. There are signs that the Communist-backed Intersindical, a central trade union confederation, has tried to mediate in settling the dispute but the powerful seamen's union has stuck resolutely to its guns.

Irish seek £650m in currency aid

By Our Own Correspondent

DUBLIN, Sept. 19.

THE IRISH Minister for Finance, Mr. George Colley, claims to have received a "heartening response" to his request for EEC aid of £650m to help Ireland join the proposed European currency scheme.

Mr. Colley attended yesterday's meeting in Brussels of the Finance Ministers of the Nine who began detailed planning for the proposed scheme.

Ireland's position is that, if she is to join a scheme which links her currency to that of stronger economies, there must be a significant transfer of resources to help her catch up with those economies.

The £650m requested by Ireland would be spread over five years and would be on top of existing EEC grants.

The money is earmarked for improving such services as roads and telephones, thus reducing Ireland's high borrowing requirement which might, in the context of the new scheme, put pressure on an Irish currency.

Ireland's negotiating position may have been weakened by the fact that it is clearly keen to be a member of the scheme and so far, apart from Mr. Colley's apparent optimism, there is no indication that other states are prepared even to consider the principle of such a transfer of resources.

Meanwhile the Irish Electricity Supply Board today reported its first profit for five years—but also warned of possible power cuts and price rises, agencies report.

The surplus of more than £4m was the first to be recorded since the 1973 oil crisis.

But the board said there could be difficulties in keeping up supplies over the winter, because of a backlog of maintenance work and shortage of emergency supply sources. Rising interest rates and oil costs could soon force up the price for electricity consumers.

DUTCH BUDGET

Deficit 'stretched to its limit'

BY MICHAEL VAN OS

Against a gloomy economic outlook, Holland's Centre-Right Government yesterday unveiled a budget designed to tackle falling business profits, unemployment and, of particular concern to the administration, the "perceptible worsening" of the Dutch competitive position.

THE DUTCH Government is budgeting for a record public sector deficit of Fl16.2bn, equivalent to 6 per cent of the national income, as part of an attempt to reduce unemployment and increase business profits.

Presenting his 1979 budget today, the Finance Minister, Mr. Frans Andriessen, told Parliament that the deficit had been stretched to its "uttermost limit" and would not be repeated. It was "permissible and unavoidable" in view of the weak spending situation and the importance of expenditure and tax policies as a means of promoting employment.

If the deficit exceeds the planned limit, the Government says it has "an emergency brake" procedure, details of which have not been disclosed.

The Budget has been described as the first step in a three-year Government plan to curb the runaway growth of public expenditure, and the need for strong measures was hinted at by Queen Juliana in her speech opening Parliament, when she said: "The fact that the economic position of our country gives rise to concern is not sufficiently understood." Mr. Andriessen himself described the economic outlook as "gloomy."

The budget memorandum stresses that the Government intends to combat the high level of unemployment by reducing inflation and curbing the growth of public expenditure, which should help achieve a much-needed improvement in corporate profitability. "In the Dutch open economy, the employment position can improve only if the rise in costs in trade and industry is contained," said the memorandum, published today with the budget proposals.

The budget contains few major surprises because the Government published outlines of its medium-term economic and financial policy at the end of June in a document entitled Blueprint '81. Today's budget marks the beginning of the implementation of the policies.

At a news briefing, Mr. Andriessen made a strong plea to Parliament to approve Government policy, while urging the trade unions to co-operate by agreeing to further wage restraint. So far the unions' response has been negative.

Their main criticism, which they share with the Socialist opposition party, is that the cuts in the growth of public spending are too drastic. Another criticism from the unions is that there are no assurances that improved corporate earnings, achieved in part through wage moderation, will lead to more jobs.

Despite the sizeable rise in expenditure still due next year, a further increase in the burden of tax and other public charges is avoided. This is considered a prerequisite for the desired moderation of incomes, though it still allows some earnings growth for the lowest income brackets.

For most sections, purchasing power is maintained at the 1978 level, which is made possible by the increase in the Government financing deficit.

The budget proposals show that overall expenditure will top the Fl 100bn-mark for the first time next year. Expenditure, at Fl 105.1bn, will be up Fl 8.1bn on the expected expenditure in 1978, while total revenue rises by Fl 5.5bn to Fl 88.9bn. Blueprint '81 said the policy was designed to halt the growth of the public sector share of national income by 1981. Its share has risen rapidly in the past, particularly in the 1970s when a Socialist-dominated Cabinet was in power.

Public sector growth will be limited by Fl 10bn in the 1979-81 period, with the cut next year amounting to Fl 3bn of the total cut, Fl 6.5bn will be in social security, health care and the salaries of public sector employees (Fl 2bn in 1979) and some Fl 3.5bn will be found in the area of public expenditure on goods and services (Fl 1bn).

Of next year's income policy, the budget memorandum states that, "with the co-operation of employers and employees," it should be possible to limit wage increases for private sector employees to 5.5-6 per cent in 1979. This compares with 7.5 per cent in 1978, 8 per cent in 1977 and 11 per cent in 1976.

The increase in the consumer price index will slow down only marginally next year, to reach 4 per cent, compared with 4.5 per cent in 1978, 6.5 per cent in 1977 and 9 per cent in 1976. Despite these improvements, however, as well as a "considerable" rise in jobs in Government and public sectors, the number of unemployed will still rise by 10,000 to 215,000 next year.

The Government-financed Central Planning Bureau forecasts in its 1979 macro-economic study that the Dutch balance of payments (current account) should show a surplus of Fl 1.5bn next year, treble the 1977 surplus. Next year's surplus is still dwarfed by the 1976 surplus of Fl 7.5bn.

The budget proposals show that, with reference to the gloomy economic propects, the planned increase will be a mere Fl 1bn in 1979. Increased taxes on energy, cigarettes and motor vehicles are planned. A large sum will also be obtained by ending the temporary profit deduction of 3 per cent from income and corporation tax (a measure taken pending a decision on the implementation of the Hofstra inflation-accounting proposals), and scrapping the temporary VAT reduction for newspapers, periodicals and some cultural activities.

House sales tax will be upped, and income tax for the poorest paid will be lowered. Non-tax revenues should rise again, although income from natural gas is expected to yield only Fl 6.3bn next year instead of the FL 6.8bn previously forecast.

Measures proposed by the Government include a regulation of the labour market in order to bring supply and demand more in line, early retirement and energy conservation, for which a total of Fl 1.5bn is set aside. Aid to ailing companies will be phased out and the freed funds will be used to strengthen and develop industries with good economic prospects.

Editorial comment, Page 22

Rise in Swiss production

By John Wicks

ZURICH, Sept. 18.

SWISS INDUSTRIAL production in the second quarter of the year was 3 per cent higher than in the corresponding period of 1977. Provisional Government figures put the index level at 150 (1963=100), although this is still below the 157 points recorded in the final quarter of last year and hardly above the average for calendar 1972.

Sectors in which output fell over the past year included clothing manufacture, by 2 per cent, and the watch and jewellery industries, by 3 per cent.

In other key industries, engineering and textiles each showed a 5 per cent increase over the second quarter of 1977 and chemicals a rise of 6 per cent.

Polish church plea

Poland's Roman Catholic Church renewed a call yesterday for access to radio and television and denounced the one-sidedness of the staff-controlled mass media, Reuter reports from Warsaw. The message was conveyed in a pastoral letter, signed by the country's cardinals and bishops and read out from the pulpits of all Catholic churches in the country. Mr. Kazimierz Kakol, head of the Government's Religious Affairs Office, said recently that a request to broadcast the Mass for the sick was being considered. He ruled out the use of radio and television for evangelisation.

● Denmark has signed a state loan contract totalling Y30bn with a group of Japanese banks. The Danish Finance Ministry said the loan would run over 12 years with an annual interest rate of 6.7 per cent, AP-DJ reports.

E. German union urges special extra day's work

By Leslie Colitt

BERLIN, Sept. 19.

EAST GERMANY'S state trade union has called on all the country's workers to put in an extra day's paid work next month to "prepare for the thirtieth anniversary of the German Democratic Republic" next year.

This is the first time in decades that East German workers are being asked to contribute "voluntary" overtime on a weekend, although groups of factory and office workers are regularly called on to take part in "subbotniks," or unpaid work.

The move comes in an appeal made by the shop stewards of the Free German Trade Union (FDGB) at an East Berlin factory. The men are shown in a photograph on the front page of the Communist Party newspaper, Neues Deutschland, voting "unanimously" for the extra day's work.

Behind this attempt to raise productivity lies the lag in East German industrial growth, which slowed to 4.2 per cent last year. In the first six months of this year the growth rate was 5.2 per cent, while the target for this year is 5.7 per cent.

East Germany has given 30 per cent of its 8m workers shorter working hours, one cause of the difficulty in meeting target figures for export and domestic consumption. Workers on double shifts have had their week reduced from 43¾ hours to 42 hours, while workers on triple shifts now put in 40 hours against 42 previously. Holidays have also been extended by three days.

In addition, working mothers with two children now put in a 40-hour week, against 43¾ hours before. Income also increased faster last year than planned, as a result of higher pensions being paid and increased overtime — so that more money is now chasing a limited number of goods.

Swedish nuclear crisis still unresolved

By John Walker

STOCKHOLM, Sept. 19.

SWEDEN'S NUCLEAR energy crisis shows no signs of being resolved, and the Prime Minister, Mr. Thorbjorn Falldin, has categorically refused a compromise solution.

The present problem hinges on two more plants now ready for commissioning. The Government must decide whether or not they are to be fuelled and started up. A further two are nearing completion and others are progressing rapidly.

Since coalition two years ago, the Centre, Liberal and Conservative parties have differed on nuclear energy policy. Mr. Falldin, the Centre party leader, has committed himself to stopping Sweden's nuclear power expansion because of what he feels are the dangers and problems involved in nuclear power.

The Liberals and Conservatives think that Sweden's high living standards will suffer without nuclear power stations. But the Prime Minister has made it plain he is not budging. Mr. Olof Palme, the Opposition leader, is promising a no confidence vote if the Government does not reach a decision by the time Parliament reassembles early in October.

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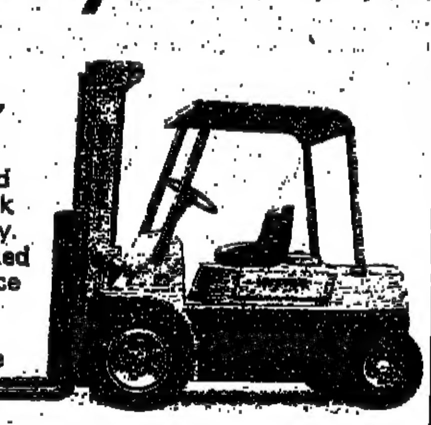

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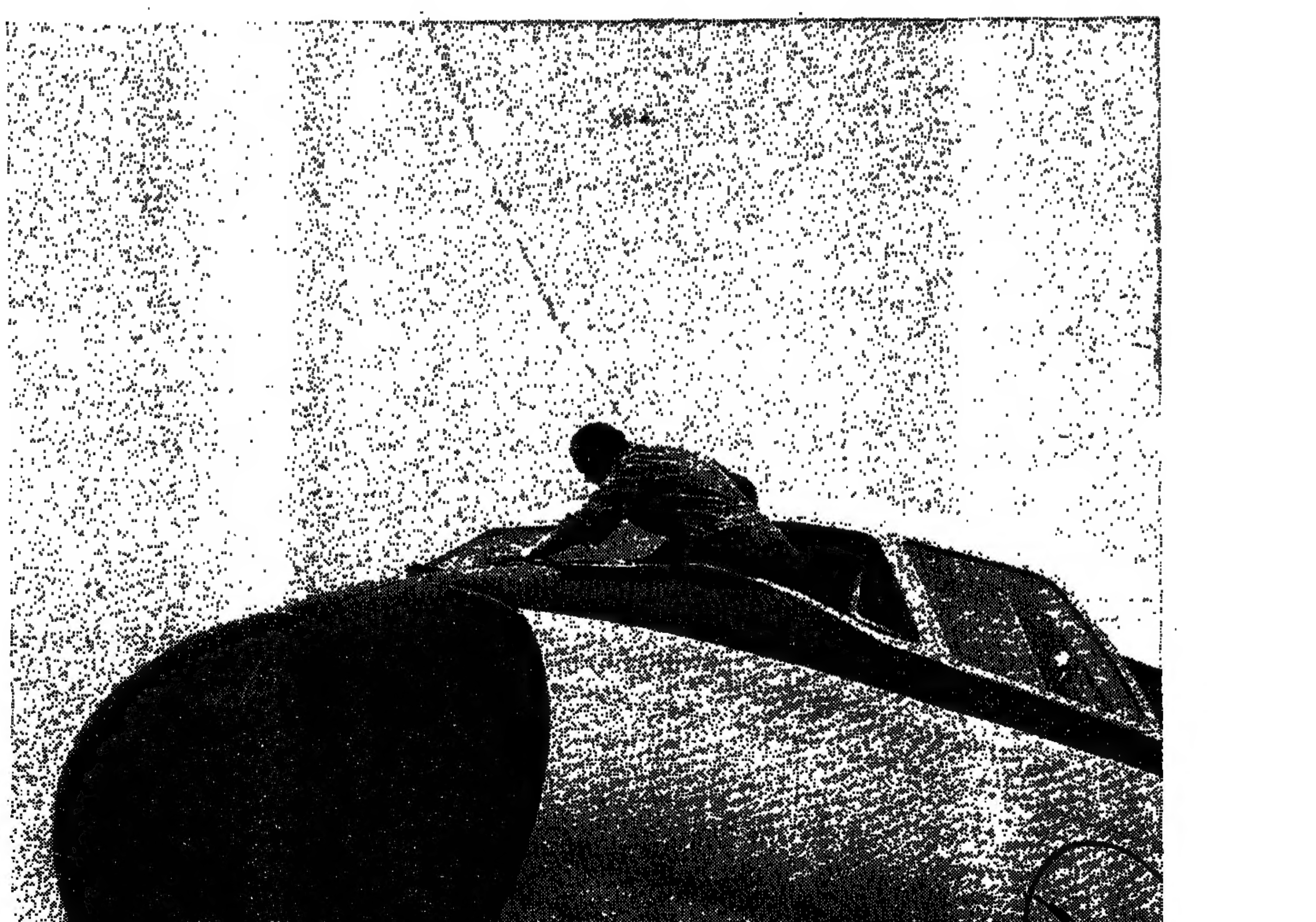

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AMERICAN NEWS

Strauss promises tough package to fight inflation

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, Sept. 19.

MR. ROBERT STRAUSS, President Carter's adviser on inflation, promised today that the second stage of the Administration's attack on inflation would constitute the toughest possible programme short of mandatory controls.

He said that the President would probably start reviewing a list of written options today. Mr. Carter could well drop some hint of the likely shape of the new policy tomorrow when he is due to address the conference of the Steelworkers' Union in Atlantic City, New Jersey.

Before the same forum yesterday, Mr. George Meany, the president of the AFL-CIO grouping of unions, publicly warned the President against imposition of what has become the most popular option of his advisers—voluntary wage and price guidelines.

Mr. Meany said, "whether these controls take the form of guidelines or whatever, once the Federal Government sets the figure, that figure becomes the ceiling for workers and workers are stuck with it.

"In the past," he said, "workers have been called upon to sacrifice to fight inflation, and they have. But the corporations and the bankers never did their share and there's no evidence they're ready to do it now."

If Mr. Meany was warning the Administration that a second stage anti-inflation programme would have to be even handed in its approach, he probably found receptive ears among some of Mr. Carter's advisers.

There are two basic schools of thought in the Administration on the next anti-inflation moves. The economists generally favour guidelines while the political strategists are worried that they might provoke a damaging confrontation with organised labour that could do much political harm to the President. If labour were to ignore voluntary guidelines successfully, it would add to economic uncertainty as well.

Mr. Strauss steered something of a fine line between the two camps this morning in listing some of the actions the President might take. He suggested there might be more wage and price targets, greater pressure on industry to hold the line on prices and perhaps changes in government procurement policies in accord with a general programme of economic and budgetary austerity.

The final decision rests with the President, of course, and he has been too occupied with the Middle East summit at Camp David over the past fortnight to turn his mind to the economic question. What is known is Mr. Carter's opposition to mandatory controls on wages and prices, but beyond that his preferences are unclear.

He has already presided over two anti-inflation programmes, last year and this, neither of which has been considered successful. It is a fair bet, therefore, that whatever is unveiled in the course of the next few weeks will have more teeth than the earlier programmes.

Time is not on the President's side, since there are now less than six months to go before a major round of wage negotiations.

Deficit on current account is halved

By Our Own Correspondent

WASHINGTON, Sept. 19.

THE U.S. current account deficit in the second quarter of this year was less than half that of the first three months, the Commerce Department announced today.

The shortfall in the April-June period was $3.26bn, compared with a revised $6.86bn in the first three months and a record $6.97bn in the final quarter of last year.

The improvement was largely the result of a narrower merchandise trade deficit in the second quarter, when the trade account was in deficit by $7.8bn, against $11.2bn in the first three months.

Last year's current account deficit was a record $15.27bn. Largely because the trade deficit is running at a higher rate this year than last, the Administration has forecast that the 1977 record shortfall is likely to be exceeded in the present year. Given the fact that the six months deficit has already passed $10bn, the prediction seems well-founded and could only be upset by the most startling reversal in the balance of trade over a good start to the last half of the rest of the year.

Some narrowing of the trade deficit is expected by the Administration in the months to come and, as noted in its annual report published earlier this week, by the International Monetary Fund. However, in July the trade shortfall was almost double that of June, hardly making a god start to the last half of the year.

In reporting on capital flows today, the Commerce Department found a marked slowing down in the second quarter in both the rise in foreign assets in the U.S. and the rise in U.S. assets overseas.

The former increased by only $200m in the second quarter compared with a $18.1bn surge in the first three months, whereas the outflow of U.S. investment abroad dropped to $5bn compared with $15bn in the first quarter.

The official dollar holdings of the industrialised countries fell by $1.5bn in the second quarter, reflecting net dollar sales by countries whose currencies depreciated against the dollar early in second quarter.

Insurers split over new ratings plan for drivers

BY STEWART FLEMING NEW YORK, Sept. 19.

THE U.S. insurance industry is embroiled in a heated debate about the relevance of age, sex and marital status in determining insurance rates for car drivers.

In the U.S., as in many other countries, including Britain, young, unmarried, male drivers pay more for their insurance than older, married drivers. Young women, too, are often charged less than men in the same age category.

Some States of the U.S. have already begun to displace these age, sex and marital guidelines with new criteria, such as the number of years of driving experience.

Massachusetts switched to such a system earlier this year, and North Carolina did last year.

The argument for the traditional age and sex criteria is that the insurance companies have found from their experience of dealing with car accidents that the categories reflect accident frequency trends. Thus, insurers generally say that young male drivers as a group — single men under 25 or 30 for example — generate about twice the number of insurance losses on cars as other groups. It is argued that they should be charged more for their insurance. If they are not, then insurance companies will try to seek a greater proportion of their business by insuring people in categories which show fewer losses.

The rates and ratings task force of the National Association of Insurance Commissioners recently drafted a report which recommended that the association oppose the age, sex and marital status qualifications for setting car insurance rates. The association's members are state insurance commissioners, the men charged with regulating the insurance industry on behalf of state governments.

According to its report, the traditional age and sex classifications have come under attack recently because of new research which throws doubts on the statistical accuracy of the old classification systems youngv'

The insurance industry is divided, although some companies say that they are giving attention to the question and re-evaluating their traditional systems. Others say that it would require a change in the law to make them switch.

Insurance companies have constantly to monitor their classifications, because changes in social customs and behaviour, or in economic status, can affect loss experiences.

Guyana bank deposits

BY OUR OWN CORRESPONDENT GEORGETOWN, Sept. 19.

THE SIX commercial banks in Guyana have beun to discourage longer-term fixed deposits, because of a slowdown in the rate of borrowing, banking sources have said.

A recent increase in the lending rates, which came with rises in the interest rates on savings, coupled with the national economic depression, is thought to be responsible for the decline in borrowing, but no figures are now available on the extent of the drop.

The prime lending rate was raised some weeks ago from 7.5 per cent to 9.5, while the commercial rate was raised from 9.5 per cent to 12, and the interest rate on overdrafts was raised bzy rate on overdrafts was raised by 2 per cent to 14.

The fixed-deposit interest rate was hiked from 4 to 7 per cent for the three-month deposits, from 5 to 8 per cent for one year, and from 4.5 per cent to 7.5 per cent for six months.

The sources said the decline in borrowing could be the result of a slowdown in economic activity because of Guyana's severe balance of payments problems, which have created a shortage of foreign reserves

Mexican air strike ends

By William Chislett

MEXICO CITY, Sept. 19.

THE TWO-DAY strike by air traffic controllers in Mexico, which grounded about 3,000 flights and affected more than 200,000 passengers, ended today, with workers agreeing to suspend their action while discussions take place with the Ministry of Transport.

The controllers agreed to take no further action for two weeks, in the hope that a settlement can be reached. They came out on strike in protest at the Ministry's moves to bring under Ministry control Radio Aeronaútica Mexicana, a mainly private company which groups the controllers and technicians.

Controllers say that they do not want to come under the Ministry, which would probably make it more difficult for them to strike, among other things.

U.S. COMPANY NEWS

Closer AMC link with Renault likely: Pillsburg moves ahead; Mead files suit against Occidental Petroleum—Page 28.

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MAPCO announces yet another dividend increase for the third quarter of 1978. MAPCO dividends have risen steadily from an annualized figure of 10¢ back in 1965 to the present $1.30. "This latest increase, the 15th since 1965," says Robert E. Thomas, Chairman of the Board, "recognizes a return to normalcy in MAPCO's coal operations, and demonstrates once again our confidence in the continued growth in MAPCO's operations, earnings and cash flow."

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Quebec Esquimaux take steps towards autonomy

BY MICHAEL TINGAY FORT CHIMO, Sept. 19.

A STEP towards self-government by the Esquimaux of Quebec was taken today when the executive committee of the Kativik Regional Government (KRG) passed its first budget. This will enable the fledgling administration of the Inuit, as Esquimaux are called in Canada, to constitute itself and take over responsibility for certain functions carried out until now by federal and provincial authorities.

Creation of the KRG was the direct result of the James Bay and Northern Quebec agreement this summer. Under the agreement, the Inuit are to receive C$90m over 20 years in compensation for leaving all outstanding land claims. In return, they are delegated powers for the administration of Quebec territory north of the 55th parallel.

The KRG has come into being after years of bitter conflicts among the indigenous people of the north, and between the Inuit and the government of Quebec. The native population protested against the take-over eight years ago of vast tracts of land by Hydro-Quebec, which is undertaking the James Bray project, the largest hydro-electric scheme of its kind in the world. The airing of conflict over the project led directly to negotiations on outstanding issues of Inuit and Indian rights.

Eleven representatives of the 13 Inuit communities dotted round the Arctic coast of Quebec make up the KRG. With its seat of administration at Fort Chimo, a town of 960 people on the Koksoak River which flows across the barren windswept land to Ungava Bay, the KRG claims responsibility for the affairs of 6,000 people, including 1,200 whites, residing in an area the size of France.

Mr. Peter Inukpuk, the 26-year-old president of the five-man KRG executive council, said today that the budget for the remaining five months of fiscal year 1978 would be C$176,000. The administration will handle education, housing, economic and social affairs, besides creating its own police force in co-operation with the Quebec Justice Department.

Air Inuit, a three-aircraft airline, has just gone into service. Last week, schools began their first term under the Kativik School Board which displaces federal and provincial boards. The curriculum includes English, French and Inuktituk, the Inuit language of Quebec. Inuktituk, written in a syllabic script developed after the second world war, is now taught up to five hours a week.

Next year the KRG hopes to take over a 26-bed hospital in Fort Chimo which is under construction. Eventually it hopes to take over the entire administration of the region, which costs federal and provincial governments C$10m and C$4m, respectively, to run each year.

Sadat expected to make top-level changes

BY ROGER MATTHEWS CAIRO, Sept. 19.

THE EGYPTIAN Cabinet met today under the Prime Minister, Mr. Mamdouh Salem, in order to give its formal blessing to the Middle East peace agreements reached by President Sadat, while intense speculation continued in official circles over the precise reasons for the resignation of Foreign Minister, Mr. Mohammed Ibrahim Kamel.

Mr. Sadat is expected to make major changes at the most senior levels of government soon after his return from the United States. He may decide to abolish the post of Prime Minister or combine it with that of Foreign Minister to ensure that he maintains close control over the detailed negotiations with Israel that are due to precede the signing of a formal peace treaty within three months.

The government-owned Press predictably landed the achievements of President Sadat to-day, but the editorials were rather less than euphoric, a feeling that appears to be mirrored by the general public. After decades of hostilities, it is hardly surprising that many people are still more actively searching for the snags than praising the achievements. The editor of Al-Ahram warned to-day that difficult negotiations still lay ahead, particularly on Palestinian rights and the future of Jerusalem.

In the absence of the former Foreign Minister, Mr. Kamel, who has not yet returned from the U.S., his friends and colleagues have been comparing the pre-Camp David Egyptian position with the text of the final agreements for clues as to his resignation. Mr. Kamel's departure has particular significance for some because of his unswerving Egyptian patriotism, his unquestioned loyalty to what he considered to be his country's best interests, and because he was never noted for particularly strong pan-Arab convictions.

This has led some observers to believe that he quit not just because of objections to the sketched outline for the overall Middle East settlement, but also because he found fault with the bilateral Egyptian-Israeli deal. It is still being suggested that Mr. Kamel's departure may lead to other top level resignations from the Foreign Ministry.

At official level there is scarcely less concern over the attitudes of Jordan, Saudi Arabia, and to a lesser extent, Kuwait. It is felt here that King Hussein will not be able to join in the negotiating process unless he receives the full backing of Saudi Arabia, in order to counteract what will undoubtedly be strong pressure from Syria and the Palestine Liberation Organisation (PLO) to keep him out.

If the mayors and other civic leaders in the West Bank and Gaza Strip reject the Camp David accords, either because of their own convictions or due to external pressures, the possibility of credible Palestinian representation in any future negotiations will recede still further.

Officials at the Arab League, meanwhile, are deeply concerned not just at the apparent widening of divisions among the Arab nations, but at the isolated position into which president Hafez al-Assad of Syria has been thrust. A swift visit by Mr. Assad to Saudi Arabia can be expected and he will also be extremely anxious to come up with some credible alternative scheme for the Middle East at tomorrow's meeting of the so-called Steadfastness Front.

However, the Syrians are known not to feel capable of putting much trust in the Libyans, Algerians, South Yemenis, or indeed the PLO and therefore will be looking anxiously to two diametrically opposed poles, the Soviet Union and Saudi Arabia.

President Sadat is not due to make his major speech to the nation on the results of Camp David until September 28—the anniversary of the death of President Gamal Abdel Nasser—by which time the attitudes of other nations in the Arab world may have become clearer. Plans are going ahead for a massive public welcome for the President when he returns to Egypt at the week-end.

Israel's choice: Sinai or peace

BY OUR OWN CORRESPONDENT TEL AVIV, Sept. 19.

ISRAEL'S Foreign and Defence Ministers, Mr. Moshe Dayan and Mr. Ezer Weizman, returned from Camp David today to prepare the ground for the crucial debate in the Knesset on whether Jewish settlements in northern Sinai should be abandoned in exchange for peace.

In Mr. Weizman's eyes the choice was simple: peace with Egypt or settlements in Sinai. He made it crystal clear which course he favoured.

"After 30 years," the Minister told reporters at the airport, "we now have a chance for a real peace agreement, normalisation of relations, economic, social, diplomatic, everything. This is the chance we have all been waiting for and fighting for."

Mr. Dayan agreed. A Knesset vote to scrap the settlements, he said, could bring peace with Egypt in three months. What was far less clear was the future of settlements on the West Bank. The Sinai outposts were regarded solely as a defensive barrier, while the West Bank settlements had a strong ideological significance, inasmuch as they were regarded as the advance guard of a Jewish population movement over the entire land of Israel.

He said the question of expanding West Bank settlement had not been raised at Camp David, and was not really important since Israel had no plans to do so.

The Camp David accords leave the settler movement in a highly nervous state. Whether permitted to go ahead with new projects or not, few settlers will relish the idea of building in areas which might, under the Camp David outline prescription, be evacuated by Israeli troops and left to the protection of an Arab security force.

In spite of the large number of heavy hearts in Israel over the idea of abandoning the Sinai settlements and airfields, there seems little doubt that the accord for peace with Egypt will win the day in the Knesset.

What is far less clear is how negotiations will fare on the West Bank.

Yassir Arafat pledges to continue guerrilla war

DAMOUR, Lebanon, Sept. 19.

MR. YASSIR ARAFAT, the Palestinian Liberation Organisation leader, today threatened U.S. interests in the Middle East and vowed to continue the guerrilla war against Israel.

The Camp David accords were the latest stage in a conspiracy against the Arabs, but the Palestinian revolution would emerge stronger than ever, he declared.

Dressed in combat fatigues and carrying a pistol, Mr. Arafat was addressing a rally in this village 12 miles south of Beirut.

"I say to Carter he will pay for this through his interests in the area. When he hits us, we will strike him twice," he said.

Mr. Arafat described the U.S. President and the Egyptian and Israeli leaders as "midgets." The Palestinian movement was a "giant." "Just as the French people emerged victorious, so shall we."

Reuter.

Kathy Bishtawi writes from Dubai: The Camp David agreements have met with cautious but unmistakable criticism from the Gulf states. So far, official reaction has been mute, but in private, high-ranking officials have condemned the agreements.

One senior official of the Kuwait Government said some action should be taken against President Sadat.

OTHER OVERSEAS NEWS

Hope for accord on UNCTAD fund

A fair chance exists of reaching basic agreement on the proposed common fund to stabilise commodity price Mr. Gamani Corea, secretary-general of the United Nations Conference on Trade and Development, said in Geneva yesterday, David Housego reports.

Mr. Corea has reconvened a meeting of industrialised and developing nations to negotiate the framework of the fund after sounding out opinions on both sides. The meeting will be held in Geneva from November 14-27. He said that though there were no guarantees of success, failure would have very serious consequences. In particular, he predicted that it would result in an atmosphere of recrimination at the major UNCTAD meeting in Manila next May when industrialised and developing nations will be carrying out their four-yearly review of relations between North and South.

Though both consumer and producer nations are in principle committed to the fund, the last two negotiating sessions ended in failure. Western nations are anxious to avoid a repetition because of the risk that this would result in a bitter confrontation with developing nations at Manila.

Industrialised nations seem more ready to compromise with the demands of developing nationsfor some form of direct government contributions to provide the seed capital for the fund. They also seem more ready to accept the principle of a soft window to provide aid for the least developed countries to diversify their economies.

Mr. Corea said he was hoping for a breakthrough on the character of the fund which would enable more detailed discussion to go ahead on the technicalities.

Chinese warning

China yesterday outlined its conception of the Soviet Union's global strategy and warned the rest of the world that there was an "ominous threat of war," John Hoffman reports from Peking. The warning came in a long editorial in the People's Daily which said that recent Soviet activities had become more truculent. The Kremlin was unscrupulously using proxy forces in outright military intervention in some African and Asian countries. "Wherever possible it fosters pro-Soviet forces to create social upheaval and would not hesitate to resort to coups and murder to subvert existing Governments and replace them with subservient regimes."

Earthquake toll

The Tabas earthquake killed or injured about 26,000 people, the official Iranian newspaper, Rastakhiz, reported yesterday. Some officials believe the death toll could reach 20,000, Reuter reports. Nine people, including an air force general and two women were killed when a transport aircraft taking part in the rescue operation crashed and burst into flames at Teheran's main air base yesterday. Meanwhile the martial law authorities have released Dr. Mehdi Bazargan, president of the Iranian Society for Human Rights and the most prominent of a number of opposition figures arrested since martial law was imposed 11 days ago.

Marcos to visit Hanoi

President Ferdinand Marcos of the Philippines has accepted an invitation to visit Hanoi, Reuter reports from Manila. The invitation was extended by Mr. Phan Van Dong, the Vietnamese Prime Minister who has been making a four-day visit to the Philippines.

Cabinet delays announcements on Vorster and Namibia issues

BY QUENTIN PEEL JOHANNESBURG, Sept. 19.

SOUTH AFRICA'S Cabinet today postponed any confirmation or denial of reports of the impending resignation of Mr. John Vorster, the Prime Minister, as well as any announcement of its final response to the UN proposals for a ceasefire and elections in Namibia (South-West Africa.)

As members of the Cabinet continued their meeting into the afternoon, it was said to be extremely unlikely that any statement would be made before tomorrow.

The protracted meeting immediately gave rise to speculation that the subject of Namibia was being bitterly debated, given the known divisions in the Cabinet on the issue. There was no indication whether or not Mr. Vorster's resignation was imminent.

Both questions are closely related, for Mr. Vorster has been in virtual control of the Namibia negotiations since they began with the five Western members of the Security Council almost 18 months ago. His resignation at such a crucial moment could be disadvantageous, according to one Western diplomat.

There was expected to be considerable pressure on Mr. Vorster at today's meeting to remain in office. It is felt that his considerable stature could bridge any potential divisions within the ruling National Party.

The argument is whether or not South Africa can accede to the UN proposals for Namibia, which call for 7,500 UN troops to be installed in the territory. The proposals would also postpone the proposed election date beyond the South African-promised independence date of December 31. Both issues have inspired strong objections from South Africa.

Today's meeting comes after an initial South African statement of objections, delivered to the Western powers last week, and a Western response at the weekend. The Western response is not thought to have made any substantive difference to the UN proposals, but rather to have sought to explain them.

Red Cross steps up Rhodesian activity

BY OUR OWN CORRESPONDENT LUSAKA, Sept. 19.

THE INTERNATIONAL Committee of the Red Cross (ICRC) is hoping to step up operations in and around Rhodesia in order to limit the growing brutality of the war and give some protection to its delegates, ICRC officials here said today.

One measure the organisation has taken, the officials said, has been to suggest to Patriotic Front co-leader, Mr. Joshue Nkomo, that he commit himself to the 1949 Geneva war conventions.

The ICRC is to set up new information offices in "front-line" states in the hope that its delegates will be able to explain to guerrilla commanders the ICRC's impartial role and its potential benefits, the officials said.

A major snag is that the Salisbury regime, because of its illegality, cannot be party to any international agreement and so cannot reciprocate any move Mr. Nkomo might take. ICRC officials are hoping that a commitment by Mr. Nkomo to the conventions would put pressure on the Rhodesian Government towards de facto adherence to the conventions. Under the newly-revised conventions, captured guerrillas would rank as prisoners of war.

The scheme has been greeted with scepticism by most observers here.

Pakistan companies move

By Chris Sherwell

ISLAMABAD, Sept. 19.

THE GOVERNMENT of General Zia-ul Haq has taken power which pave the way for returning to private ownership companies nationalised by Mr. Zulfikar Ali Bhutto, the former Prime Minister.

The move, announced yesterday as a Presidential order, is the most important step yet taken by President Zia in dismantling the nationalisation programme of Mr. Bhutto and is thought to be aimed at encouraging more private investment in Pakistan. A few months after taking power the new regime denationalised cotton ginning.

The new order, which was actually signed by the former president, Fazal Elahi Chaudhry before he relinquished office last week, says that the Government will offer to transfer the share of companies affected by the 1972 economic reforms order if it considers such a move to be in the national interest.

No details were given of companies which will be affected by the announcement, but the 1972 measures were used to take into public ownership companies involved in truck and car assembly, shipping, light and heavy engineering, steel rolling, bicycle manufacture and life insurance.

General Zia has said in the past that he is against nationalisation and that where it becomes necessary there should be full and prompt compensation.

ETHIOPIA

Signs of a personality cult

BY JAMES BUXTON RECENTLY IN ADDIS ABABA

ADDIS ABABA has been celebrating for more than a week. The streets are hung with red flags, hammers and sickles, bunting and fairy lights which were last used for Emperor Haile Selassie's 80th birthday in 1972. There have been parades of workers and children, of grim-faced phalanxes of troops and fearsome armaments. The centre of attention has been Dr. Fidel Castro, the Cuban leader, here on a state visit, who has given the regime of Lt. Col. Mengistu Haile Mariam full recognition of its place among the world's radical states.

Four years after the overthrow of the emperor, Ethiopia's rulers look confident. Col. Mengistu himself has ridden the streets (where by his own admission he has survived several assassination attempts) in an open American car. Ethiopians are, for the first time in more than a year, talking more frankly to westerners, despite their government's strong east bloc ties.

The Ethiopian revolution has quite a lot to be pleased about. It has survived. It has caused some major social changes which were long overdue and which now look irreversible. After various bouts of bloodletting on the streets of Addis Ababa and other towns the regime's internal enemies are at bay, and the Government has curbed the power of its more trigger-happy supporters. There is no shooting after dark now.

Further afield Ethiopia has, with enormous assistance from Russia and Cuba but also because of an impressive national mobilisation, driven out the Somali forces in the south east, and in the past two months has at last scored some victories against the Eritrean guerrillas in the north. It has now the most powerful armed forces in Black Africa, and Colonel Mengistu talks of employing them like the Cubans to "rally alongside the exploited and progressive peoples of the world at any time and at any place." Not surprisingly there are the first signs of a cult of personality around the resolute Ethiopian leader who has been at the centre of the revolution since it began and took full power as Chairman of the ruling military council or Derg early in 1977.

But Ethiopia is not at peace, and the turmoil of the revolution may not be over. In the Ogaden and the rest of the Somali populated south east there is still considerable guerrilla activity, said by sources here to involve Somali guerrillas stiffened by some regulars. The full Ethiopian reoccupation of the southern provinces of Bale and Sidamo has been slow and nobody pretends that it is complete. Col. Mengistu said last week that his troops were still shedding their blood in the Ogaden and gave Somalia a barely veiled threat of invasion if guerrilla action did not stop. Most of the 16,000 to 17,000 Cuban troops in Ethiopia are in the south east, but the problems of pacifying enormous stretches of bush and scrub with a largely hostile population looks daunting.

The situation in Eritrea is probably less good than might have been expected after the first flush of Ethiopian successes against the guerrillas in July and August. The recapture of all but one of the main guerrilla-held towns has boosted Ethiopian morale but has not meant victory. In this rugged countryside the guerrillas can still raid the roads, not all of which have been brought even nominally under Ethiopian control in the past two months. Last month one supply convoy made its way triumphantly to Asmara, the capital, which had been under siege for nearly a year. But there has not been another, probably because the military protection required is too great.

The Ethiopian forces have met stiff opposition from the Eritrean Popular Liberation Front and are thought still to be about 20 kms south of the EPLF-held town of Keren and taking heavy casualties.

But the Eritreans now look very far away from becoming independent and they can only offer their supporters many more years of fighting. Ethiopia is putting some of its trust in the process (which is said to be relatively gentle) of winning over hearts and minds in the recaptured towns, though many of them are partly deserted. The intention, it is hinted here, is eventually to negotiate from an improved military position.

The continued fighting in both north and south increases Ethiopia's dependence on the Soviet Union for military supplies, a factor which may have lain behind Col. Mengistu's outspoken attack on China last week. It also distracts the Government's attention from the economy, though it has said it intends to concentrate on it for the coming year. The immediate problem is the now acute shortage of food in the towns: it is the result of many causes, including the inevitable dislocation of war, but mainly stems from the disruption of the economic relationship between the countryside and the towns in the four years of revolution. In the short-term Ethiopia must import more grain but foreign exchange is short because of the need to pay for the Soviet arms, whose value is put at well over $1bn. The arms payment issue threatens to overhang both the Ethiopian economy and foreign policy for years to come.

The Government lacks a plausible economic policy to deal with immediate problems and has no clear long-term development strategy, though Col. Mengistu last week bowed in the direction of Communist-inspired solutions such as the collectivisation of agriculture and development of heavy industry which sound inappropriate to Ethiopia.

The reason is no agreed economic strategy is that the political situation, though outwardly calm, is in fact uncertain. The Derg, consisting of military men, some of them ideologically motivated, has an uneasy relationship with the civilian ideologues of varying Marxist-Leninist hues. It has not yet been possible to form a single official political party which could agree on and impose an economic strategy because the three recognised Marxist civilian groups are not united and because many Derg members are reluctant to give up power to civilians

In the uncertain situation Government policy is piecemeal, and when a decision has to be made the Government tends for safety sake to keep to the left.

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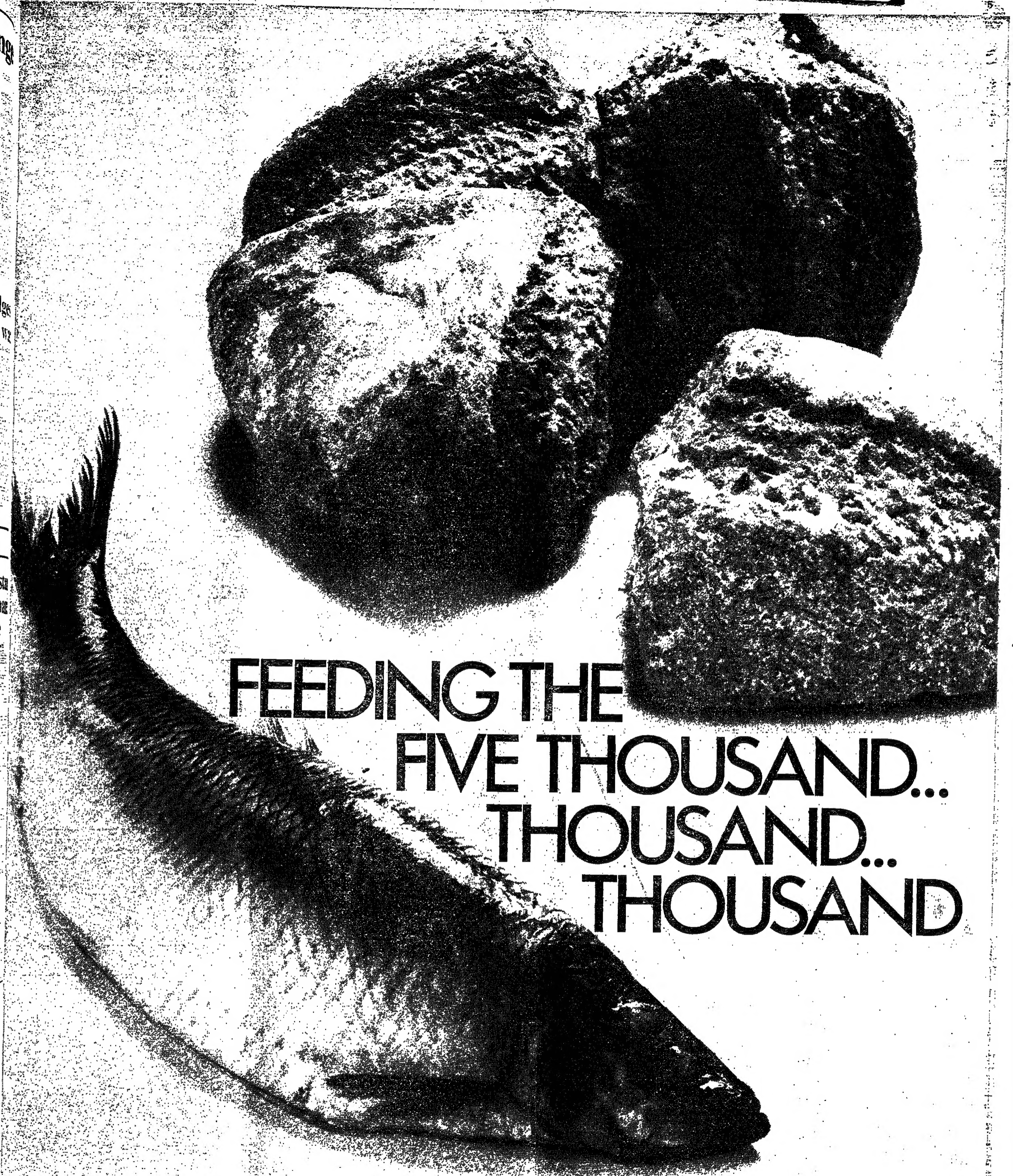

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WORLD TRADE NEWS

Japan car exports to UK continue to decrease

BY CHARLES SMITH

TOKYO, Sept. 19.

JAPANESE CAR exports to the UK in August were down from the previous month's level. This is the second month in succession that shipments to the UK have fallen and follows a 20 per cent drop in shipments during the second quarter of this year compared with the first quarter. Car exports in August were also down on the same month of 1977.

Shipments of passenger cars totalled 10,020 units as compared with 12,900 units in July and 10,390 units in August 1977. For commercial vehicles the figures were 1,505 units compared with 2,744 in July and 2,712 in August 1977.

The figures suggest that the Japanese industry may at last have started to bring its shipments into line with the written undertaking given by the Ministry of International Trade and Industry early this year to freeze 1978 exports at 1977 levels. There will have to be more and bigger cuts before the end of the year, however, if the MITI promise is to be fulfilled.

Shipments of passenger cars for the first eight months of the year totalled 108,395 vehicles compared with 97,300 cars shipped in the first eight months of 1977. In the case of commercial vehicles the 1978 January to August figure is 22,144 vehicles compared with 16,700 in the same period of 1977.

In order to make sure that the commitment to freeze shipments is adhered to MITI is believed to have allotted export "quotas" to individual Japanese motor manufacturers selling in the U.K. Nissan Motor, traditionally the top Japanese exporter to the UK, was apparently asked to cut its shipments below 1977 levels so as to make room for shipments of cars by two newcomers to the market, Daihatsu and Fuji Heavy Industries.

Most other manufacturers are reportedly under instructions from MITI to keep shipments at or near their 1977 levels. Actual shipment figures for the first eight months of the year show Nissan running slightly ahead of its 1977 performance (72,260 vehicles compared with 69,379 last year). Figures for other companies are: Toyota 21,544 vehicles (17,111 in the first eight months of 1977); Mazda 12,989 (10,130); Honda 13,287 (10,994); Mitsubishi 7,812 (5,881).

Daihatsu and Fuji, entering the UK at the beginning of the year, have so far shipped 1,033 cars and 1,611 respectively.

Japanese car manufacturers continue to claim that shipments will fall drastically as the revaluation of the yen produces its full impact on orders.

The Ministry of International Trade and Industry gave a written undertaking to the British Government last spring that Japan would hold its shipments of both cars and commercial vehicles to Britain at 1977 levels. The Miti undertaking followed talks between the Society of British Motor Manufacturers (SMMT) and the Japan Automobile Association (JAMMA) in which it was agreed privately that passenger car shipments would be held at 1977 levels while commercial vehicle exports would be "watched carefully." The JAMMA-SMMT agreement was not, however, spelled out in the communique published after the meeting of the two associations.

Japanese cars are likely to take a substantially smaller share of total UK registrations in 1978 the industry claims, since the market as a whole will have expanded.

Kenneth Gooding writes: Sales of Japanese cars in the UK up to mid-September have already topped the 141,000 registered for the whole of 1977, thanks to the heavy stocks built up in Britain before the ban on increased shipments took effect.

There is still no indication about what might happen in 1979. Discussions between the UK manufacturers and the Japanese have been delayed, partly by preparations for the International Motor Show to take place at Birmingham next month.

Current indications are that there will be industry-to-industry meetings about possible future restrictions on car shipments from Japan in London early in November.

Chile seeks fighter aircraft from India

BY D. P. KUMAR

NEW DELHI, Sept. 19.

CHILE HAS approached India for the purchase of about 100 Hunter attack aircraft, offering to pay for them in hard currency or gold. It has also sought spares and avionics that India has fitted in the aircraft.

The government is considering the offer, recived last month, as it would partially meet the cost of buying deep-penetration strike aircraft for the Indian air force, about which the Cabinet has already decided in principle.

If the Chilean offer is accepted, the Hunters will be supplied in stages.

India has a choice of buying the Swedish Viggen, British Jaguar or French MirageF-1, but the Government is yet to choose.

The Chilean Government reportedly felt that the performance of the Hunter jet fighter/ground attack plane was impressive in the 1965 and 1971 Indo-Pakistan conflict. It also served the NATO forces until 1967.

Hugh O'Shaughnessy adds: The Chilean search for arms comes at a time of increasing tension with Argentina over control of three islands in the Beagle Channel sovereignity over which is claimed by both countries. With many of the world's principal arms suppliers, including Britain, unwilling to sell to the Chilean military junta it has been having difficulty in keeping its forces in trim. In the past Chile has sought air force equipment from Jordan.

Last Friday 300 Argentine soldiers penetrated over the border in Chilean Patagonia. The Argentines explained the incident as a map reading error.

Ireland's deficit worsens

BY STUART DALBY

DUBLIN, Sept. 19.

FOR THE second month running, Ireland recorded a disappointing set of trade figures with a deficit of £89.3m for August. This took the deficit for the 12 months ending in August to £672.5m, a record.

Partly to blame for the poor performance were soaring imports which increased by 30.4 per cent in August to £305.3m. This meant an import bill for the eight months of this year of £2.5bn, a rise of 19.6 per cent over the comparable period in 1977.

Much of the increase came from the larger influx of consumer goods in line with the country's buoyant economy. Foreign car imports increased to 52.8 per cent, while clothing and footwear imports were also higher.

EEC extends steel surveillance

BY GILES MERRITT

BRUSSELS, Sept. 19.

THE EEC Commission's powers to impose heavy penalties on companies undercutting the mandatory minimum price structure is to be extended for a further two months. But the decision reached at today's Foreign Ministers' Council reduces the three-months extension originally proposed by the Commission, and will also subject the present powers to a number of modifications.

The system for enforcing the price discipline that is a major part of the so-called Davignon Plan is also to be made more flexible following objections to the scheme which have come notably from Italy. But it is clear that the use of spot fines will continue into next year.

Following today's ministerial meeting, Mr. Edmund Dell, the British Trade Secretary, said that in addition to the forthcoming modifications of the penalties, studies were also being carried out that would further amend the penalties during 1979.

Under the special surveillance system, which came into effect on July 1 for a three-month period, border authorities in the Community could demand cash deposits if it was suspected that a steel consignment was priced below established minimum prices, which are being applied to concrete reinforcing bars, merchant bars, wire rod and coils.

The Council today agreed that during the two-month extension period, actual cash deposits will not be required. Instead, if there is any suspicion that an exporter's shipment is violating the minimum price regulations, his pledge to pay a deposit will be accepted.

This pledge must be countersigned by a bank acceptable to EEC authorities, and EEC authorities must decide within four days whether the consignment actually violates minimum price rules. At the moment a Community decision on a consignment could take up to three weeks while the deposit is held.

Mr. Dell also indicated that the British Government has now dropped its earlier threats to take unilateral action and boycott the Organisation for Economic Co-operation and Development's steel committee, unless all pending U.S. anti-dumping cases against European companies were withdrawn.

Although one anti-dumping application against British Steel, by Armco Steel, is still current, Mr. Dell made it plain that the withdrawal of the remainder had now helped defuse the problem.

China, Australia talks

BY LAURIE OAKES

CANBERRA, Sept. 19.

THE AUSTRALIAN Deputy Prime Minister, Mr. Douglas Anthony, predicted today that Australian minerals and metals exports to China would rise to record levels next year as a direct result of a visit by a Chinese buying mission.

He said that, although details of sales were confidential, all companies which had negotiated with the seven-man mission reported fruitful results.

Mr. Anthony also announced that the Chinese Minister for Foreign Trade, Mr. Li Chiang, would make a ten-day visit to Australia in October, and that the Chinese Vice-Minister for Metallurgical Industries, Mr. Hsu Chih, would be making a two-week visit from October 5. Acceptance of invitations to visit by Mr. Li and Mr. Hsu is interpreted in Canberra as confirmation of China's interest in further developing trade in metals and minerals.

The buying mission, led by the deputy managing director of the China National Metals and Minerals Import and Export Corporation, Mr. Pi Yi-ming, left Australia today. Mr. Anthony said that Mr. Pi had confirmed to him during discussions that China would continue to look to Australia as a major source of supply for raw materials and metals required in the development programme.

Soviet-Iran power project

BY DAVID SATTER

MOSCOW, Sept. 19.

IRAN HAS reached agreement with the Soviet Union for the construction of an 800 megawatt electricity generating station to provide energy for the burgeoning industrial district around Isfahan.

The power station, which is to consist of four blocks with a generating capacity of 200 megawatts each, is to cost $410m and will be paid for with Iranian exports. No cash was involved in the deal.

The contract for the power station was signed in Teheran with the Technopromexport Soviet trading organisation and it is understood that Poland and Hungary will help with the construction. All of the electricity produced, however, will be for Iranian domestic consumption.

Iranian sources said that there is no shortage of electricity in Iran, but planned increases in the demand for electricity required enough power station construction to provide for a steady increase in supply.

The Soviets are already deeply involved in the Isfahan area, having built a steel complex there. They are presently at work on a power generating station in Ramin.

Agreement was reached this spring on Soviet construction of the northern third of the new trans-Iranian gas pipeline which is to form part of a Soviet-Iran network which will carry 17bn cubic metres of gas a year to West Germany, France, Austria and Czechoslovakia beginning in 1981.

French credit for Poland

BY CHRISTOPHER BOBINSKI

WARSAW, Sept. 19.

M. JEAN DENIAU, the French Foreign Trade Minister, ended a one-day visit to Warsaw yesterday with a promise of an extra FFr 75m (£9m) worth of French credits for Poland.

This is in addition to the sum of FFr 350m (£40m) of credits previously agreed for this year. The new credits are to be used for purchases of semi-finished steel products, chemical products and textiles.

Additional amounts of French grain may also be bought on top of the 600,000 tonnes already contracted this year.

The trade talks, which precede a semi-private visit next weekend by President Valery Giscard d'Estaing, also produced an agreement to facilitate trade between small and medium size companies.

Polish trade figures for the first seven months of this year show that Poland has cut its deficit with France to $13.6m, compared with $121.1m in the same period last year.

Trade turnover in this period dropped by 8.6 per cent over the same period in 1977 but France has kept its place as Poland's second largest hard currency export market after West Germany.

The Polish trade deficiency with France in 1977 ran to $168.5m.

PLOVDIV FAIR

Bulgaria's hopes

BY A SPECIAL CORRESPONDENT

THE EAST EUROPEAN trade fair, while it is principally a national celebration of economic progress, provides Western companies with the principal shopwindow for sales to countries where the foreign trade monopoly is strictly held by the Ministry of Foreign Trade. The International Fair at Plovdiv, which closed last week, in common with similar events at Leipzig and Brno, was a truly international event with 46 countries participating. Bulgarian products, however, dominated the fairground.

For the 15 official British stands, representing a total of 30 companies, the level of serious enquiries made during the fair was encouraging for future business prospects, although Anglo-Bulgarian trade has never matched the almost euphoric atmosphere of the last three years, following the conclusion of the major contract with Cadbury-Schweppes for the manufacture of soft drinks in Bulgaria.

The more sober assessment of trade prospects with Bulgaria was possibly reflected by the fact that British participation at the fair has declined, although this does not necessarily imply that trade levels will drop.

Bulgaria's heavy dependence on Comecon, and particularly the Soviet Union, evidently limits Western exports to areas of high technology, which are either not produced in Comecon or where there is not sufficient capacity available for export to Bulgaria. There is, however, a definite willingness to expand trade with the West further, but as Mr. Asparouh Mladenov, general director at the Bulgarian Chamber of Commerce admitted, the most important problem lies in raising the level of Bulgarian exports to the West.

To Bulgaria, the long-term deficit in its trade with Britain has traditionally been the major factor hampering an expansion of trade, although Bulgaria's export figures for the first six months of this year were encouraging, showing a total increase up to £10.4m from £6.9m for the same period last year. However, the largest single increase here was in steel products and a quota has recently been introduced restricting future exports to Britain.

But Bulgarian officials repeatedly stated that a more serious approach will be made in marketing efforts in Western countries, although large contracts signed with Western companies will still necessarily involve a large element of co-operation and buy-back.

For Britain, the major export hopes lie in GKN's bid to supply a £30m forgings and castings plant in Pernik, although there is competition from Japanese and French companies, proposed long-term co-operation with the National Coal Board for co-operation in developing the Dobruzha coal area and the now almost historic agricultural complex in Silistra, where according to Bulgarian officials British companies still stand a chance of winning individual contracts. A recent emphasis on computerisation, particularly in industrial agriculture complexes, should also provide possible contracts.

There are also good opportunities for business in co-operation with Bulgaria on joint projects to be built in developing countries.

But trade growth will be slow. Certain projects planned for the current Five-Year Plan have now been "frozen" or held over to the next Five-Year Plan starting in 1980. Uncertainty over Western markets for Bulgarian exporters will also undoubtedly hinder trade expansion.

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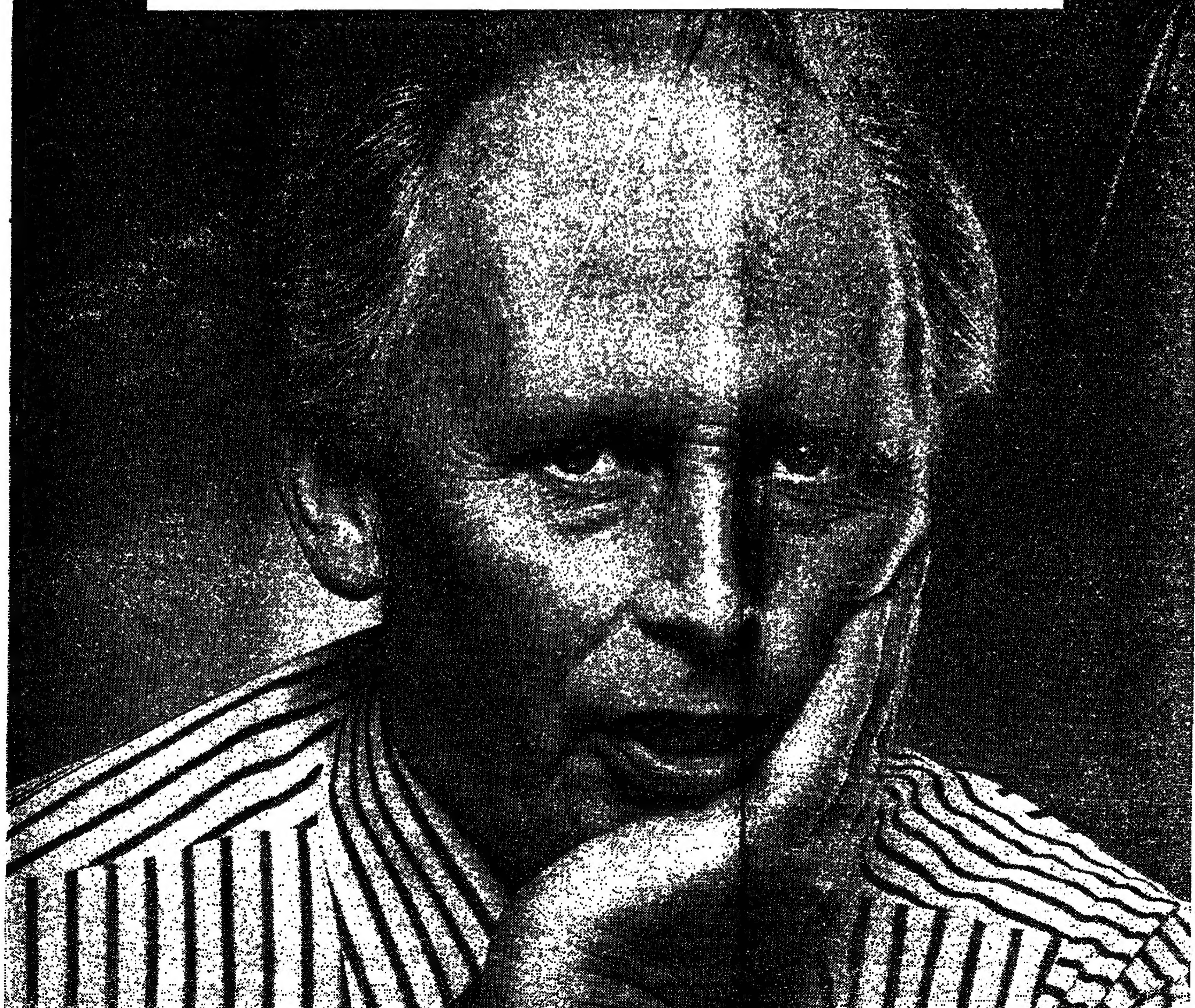
Ron Narramore is a Director of Flexiveyor Products Ltd., of Tamworth (part of the Narramore and Tozer Group), which last year sold £200,000 worth of conveyors in Europe alone.



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HOME NEWS

NRDC electronics backing up 37%

BY DAVID FISHLOCK, SCIENCE EDITOR

THE National Research Development Corporation sharply increased its investment in advanced technology—especially in electronics ventures—by 37 per cent last year. o

But general mechanical engineering is a depressed area—"less and less productive of ideas." said Mr. William Makinson. NRDC's managing director, presenting its annual report yesterday.

The report shows that. in spending £6m on new projects last year, the NRDC has funded seven new joint ventures with industry at levels exceeding £100,000, and provided further finance of £100,000 or more to another four joint ventures already established.

It is the fourth successive year that its investment in new ventures has increased; the result of a drive to publicise more widely its specialised banking services for innovative industry and private inventors.

The NRDC is a State-owned merchant bank set up in 1948 to develop and exploit inventions. responsible to the Department of Industry. It has borrowing powers from the Government of up to £50m.

The NRDC Board now has the freedom to invest up to £250,000 in a project without reference to the Secretary for Industry. This means that in partnership with industry it can back projects with up to £500,000 on its own initiative.

Last year it provided finance for 95 new development projects, bringing to 440 the number of projects it is backing.

New projects involving NRDC investment of £1000,000 upwards include an automated farm management system. in partnership with R. J. Fullwood and Bland: and a diver lifeboat chamber, in partnership with Seaforth Maritime.

The corporation has also made additional investments exceeding £100,000 in the miniature TV receiver project of Sinclair Radionics. and in the passenger conveyor under development by Dunlop.

But Mr. Makinson stressed that the NRDC could well afford to double or treble its rate of investment. and was still looking for projects to back. But cash, he said, was not the only problem in the venture capital market—the project had to involve a good idea. the right people, and a market, among other factors.

He estimated that it backed 20 per cent of "serious proposals" from industry. compared with less than 1 per cent of proposals put forward by private inventors.

Lord Schon. NRDC's chairman, said that NRDC had a technical background few other investment sources could claim.

Lord Schon retires next year after ten years as part-time chairman. The new chairman will be Sir Freddie Wood. chairman of Croda and a board member of NRDC since 1973.

U.S. expert foresees expansion until 1981

BY DAVID FREUD

THE present expansion of the U.S. economy could continue until 1981, Dr. Gary Shilling, head of a large New York economic consultancy, told a London conference yesterday.

He was speaking to a seminar organised by the City stockbrokers, Capel-Cure Myers.

He said the present upturn in the business cycle had laster 3½ years, and because this was the extent of most previous booms most people expected a downturn to start shortly.

But recessions were caused when some elemtn in an expansion, such as inventories or consumer spending, became unsustainable, and there was no evidence of this happening yet.

The depth of the previous recession had made people cautious, and the present level of growth was sustainable. There were no signs of excess in inventories and the high level of individual debt was not as ominous as it seemed, because the "baby-boom generation" had reached the high-debt age.

The greatest risk of the expansion getting out of hand came from the U.S. Administration's inflationary policies, typified by farm support and steel import trigger prices.

He thought it more likely than not that the Administration would be pressured by the Federal Reserve, the fall of the dollar and popular anti-tax movement into an anti-inflationary policy within the next few months.

If that happened, and if an adequate energy Bill was passed, then the present expansion of the U.S economy was likely to continue until 1981. the dollar would stabilise, or even move up, and the Federal deficit be heavily cut.

The U.S., and the world, were moving from the excess-demand, high-inflation period of the late 60s and early 70s into an excess-supply, low-inflation period.

Dr. Shilling did not rule out a financial crisis before the changeover was affected.

"Worldwide, a tremendous expectation that inflation will continue has been built into many people's financial arrangements." The end of inflation could hit these people hard.

Hoechst opens Halifax plant

By Rhys David

A CHEMICAL factory, which replaces a textile processing plant shut last year, was opened yesterday at Halifax, West Yorkshire, by Hoechst, the West German chemical group.

The factory, part of an expected £3m investment programme at the site, consists of two units for the manufacture of surfactants and pigment dispersions.

It will eventually employ about 200 people and will serve as Hoechst's northern headquarters, incorporating technical service laboratories and warehousing facilities.

In the first year the products to be manufactured in the surfactants plant will be mainly auxiliaries for the textile industry. Production at the plant will also include emulsifiers and demulsifiers, as well as intermediates for the cosmetic industry.

The pigment dispersion plant will convert concentrated dry pigment into colour dispersions for use in the paint, printing ink, wallpaper, textile and shoe industries, and will have a capacity of 400 tonnes a year.

High-radiation parts being taken from Dounreay reactor

BY OUR SCIENCE EDITOR

BRITAIN has begun to dismantle its experimental fast reactor at Dounreay, Scotland. Parts subjected to some of the highest radiation of any material anywhere in the world have been removed. Sir John Hill, chairman of the UK Atomic Energy Authority, told an international nuclear meeting in Vienna yesterday.

Sir John, addressing the general conference of the International Atomic Energy Agency, attended by more than 80 nuclear nations, said Britain was gaining first-hand experience of the problems of decommissioning obsolete nuclear stations.

The Dounreay fast reactor was shut down 18 months ago, after 17 years' operation as the forerunner of the 250 MW prototype fast reactor half-a-mile away on the same site.

The radioactive parts removed are being closely studied for signs of radiation damage, but eventually will be buried as low-level radio active waste.

One of the most important aspects of the environmental impact of nuclear energy related to the safe decommissioning of nuclear facilities, said Sir John. The UK AEA had already removed the radio-active liquid metal coolant from the reactor's secondary circuit, and would be removing the coolant itself.

The UK AEA is also preparing a plan to dismantle the 33 MW experimental advanced gas-cooled reactor at Windscale. It will involve the disposal of about 1,400 tonnes of radio-active mild steel and 40 tonnes of radio-active stainless steel.

Priority

Sir John, reviewng the UK nuclear programme, said the outcome of the Windscale Inquiry last year had demonstrated that "if all the facts are presented and analysed in a clear and rational way the public is unlikely to reject the benefits nuclear power can offer."

The British Government, he said, attached high priority to the question of international mangement and storage of plutonium—a contentious issue at the Windscale Inquiry. There were inevitably problems, both political and practical, and he suggested that detailed proposals should be submitted to the Board of Governors of the IAEA.

Plutonium and its mangement is one of the subjects for which Britain is directly responsible in the activities of the International Nuclear Fuel Cycle Evaluation.

Orders not withheld, insists Marathon

BY RAY PERMAN, SCOTTISH CORRESPONDENT

MANAGEMENT AND shop stewards at Marathon Shipbuilders, the Clydeside oil rig yard, strongly criticised a Government Minister yesterday for suggesting that the Group's U.S. head office was deliberately withholding orders from its Scottish branch.

Marathon last week issued protective redundancy notices to its 900 workers but is negotiating against fierce international competition to secure new work to prevent the closure of the yard next spring.

At the beginning of last year the yard was saved by a speculative order from the Government for a £13m rig. but the money was recouped when the contract was taken over by the Penrod Drilling Company, which also ordered a second structure.

Last week Dr. Dickson Mabon, Minister of State for Energy, said that the Houston-based company had been bailed out by Britain but was refusing to transfer work from its yards in the U.S. and the Far East to keep Clydebank going.

Yesterday Mr. Joseph Craig, managing director of Marathon Shipbuilders, said that Dr. Mabon's comments ignored the realities of the rig-building industry.

He asked: "Does anyone really believe that Marathon can ask any of its clients to incur penalties in extra towage, insurance and loss of tax concessions of several millions of dollars to build in Clydebank something that is intended for operation in the Gulf of Mexico?"

Mr. Jimmy Reid, union convener at the yard, said that the strong order books of Marathon's other yards were a result of the boom in exploration in the Gulf of Mexico and south-east Asia.

BL Cars to switch Abingdon factory

By Arthur Smith, Midlands Correspondent

BL CARS announced last night that the MG factory at Abingdon, with 1,200 workers, is to be transferred from Austin Morris to Jaguar Rover Triumph.

The company said MG had traditionally been linked with Morris but would fit more logically into the JRT structure. The specialist car company, with its low volume products, was better suited to MG.

JRT is responsible for all BL Cars sales to North America—the market which accounts for about 75 per cent of the 45,000 MG cars made each year.

Transfer of TR7 assembly from Speke to Canley, Coventry, is reported to be on target and the production lines are expected to start within the next few weeks.

Backing for men's shops expansion

INDUSTRIAL and Commercial Finance Corporation (ICFC) has provided £150,000 for Ray Alan (Manshops), a Leeds-based menswear chain, to expand.

Ray Alan sells men's fashion clothing in 46 shops throughout Yorkshire and the North-East. 16 new shops in Lancashire and The expansion programme is for a new warehouse and offices.

ICFC said yesterday that Ray Alan has shown a 350 per cent sales increase in the five years to 1977.

Company plans big increase in workforce

A NORWICH women's clothing manufacturing company which began with five employees nearly four years ago, plans to increase its work force by 200 over the next few months. The company, S. M. C. Fashions, now with 120 employees, has recently taken over premises in Aylesham Way, Norwich. It specialises in women's skirts and trousers.

Plan for heavier lorries attacked

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

THE European Commission is criticised today for failing to examine fully the environmental implications of its proposals for raising the maximum permitted weights of lorries.

According to a report from the House of Lords Select Committee on the European Communities, this is just one example of the Commission's failure to apply its own revised objective of setting transport policy in a wider social and regional context.

The Commission is working on a compromise formula on lorry weights, which will probably set a new maximum of 45 tonnes, compared with the present British limit of 32 tons.

The committee says that any change in policy on this subject should be accompanied by an "authoritative assessment" of environmental consequences, which the Commission has so far failed to produce.

The committee applauds the attempt of Mr. William Rodgers, Transport Secretary, for his attempt during Britain's presidency of the Council to raise the level of the transport debate above detail and trivia.

But it says that a general tendency to denigrate the work of the Community in transport matters is unfair. Formulation of a common transport policy was bound to be more problematic than the common agricultural policy and efforts so far have produced useful, if embryonic guidelines.

The Commission is right, it says, to seek a flexible and decentralised policy, but in practice its proposals have reflected "the lowest common ground of members states' individual interests."

This can only be altered if the Commission takes a genuinely Community-wide view of transport problems and if member states attempt to see beyond narrow national pre-occupations.

On railway policy, the committee doubts that the Commission's aim of establishing uniform accounting principles will convince governments that the policy will reduce railway deficits and so will fail to encourage them to progress towards a community network of trunk routes.

The committee also thinks that the Commission is spending too much time in pursuit of the principles of fair competition and harmonisation of laws at the expense of concrete measures on specific issues.

Harmonisation should only be considered important where it involves safety, is enforceable at reasonable cost, is flexible towards national needs and is agreed to be necessary by governments and industries.

Lords: Select Committee on European Communities: EEC Transport policy. Lords Paper 255. SO £1.35.

Icons realise £84,425 at Christie's

SALEROOM

BY ANTONY THORNCROFT

CHRISTIE'S opened its 1978-79 season yesterday with morning and afternoon sales: English drawings and watercolours selling before lunch for £28,936, with icons making £84,425 later in the day.

Two watercolours by Thomas Bush Hardy, a marine painter born in Sheffield in 1842, were the highest-priced lot in the morning at £800. Both were depiction of Venice and dated 1882. McInnes, the London dealer, paid £700 for Raising the Wind, by Edgar Bundy and £600 for two views of France by Thomas Colman Dibdin. In other lots, an anonymous buyer paid £650 for another Bundy, after the Duel and Harinoll and Eyre, the London dealers a similar sum for a pair of ornithological watercolours by the Company School.

In the afternoon Kadri, a German dealer, paid £2,900 for a late 18th century Russian composite icon while a 17th century Russian icon of The Transfiguration realised £2,100. A calendar icon of the 19th century went for £1,500 and a Triptych for the same sum.

In London, Bonhams sold silver yesterday for £12,329 with an unusual set of four candlesticks, mounted on deer's feet, making £195 and a late 19th century silver box £115.

At Christie's South Kensington a pair of 16th century Spanish dalmatics, ecclesiastical clothes, sold for £2,100 while a linen stomacher of about 1730 made £180. Forty items belonging to the late dowager Duchess of Marlborough realised £1,473. A dress designed about 1910 by Fortuny sold for £620.

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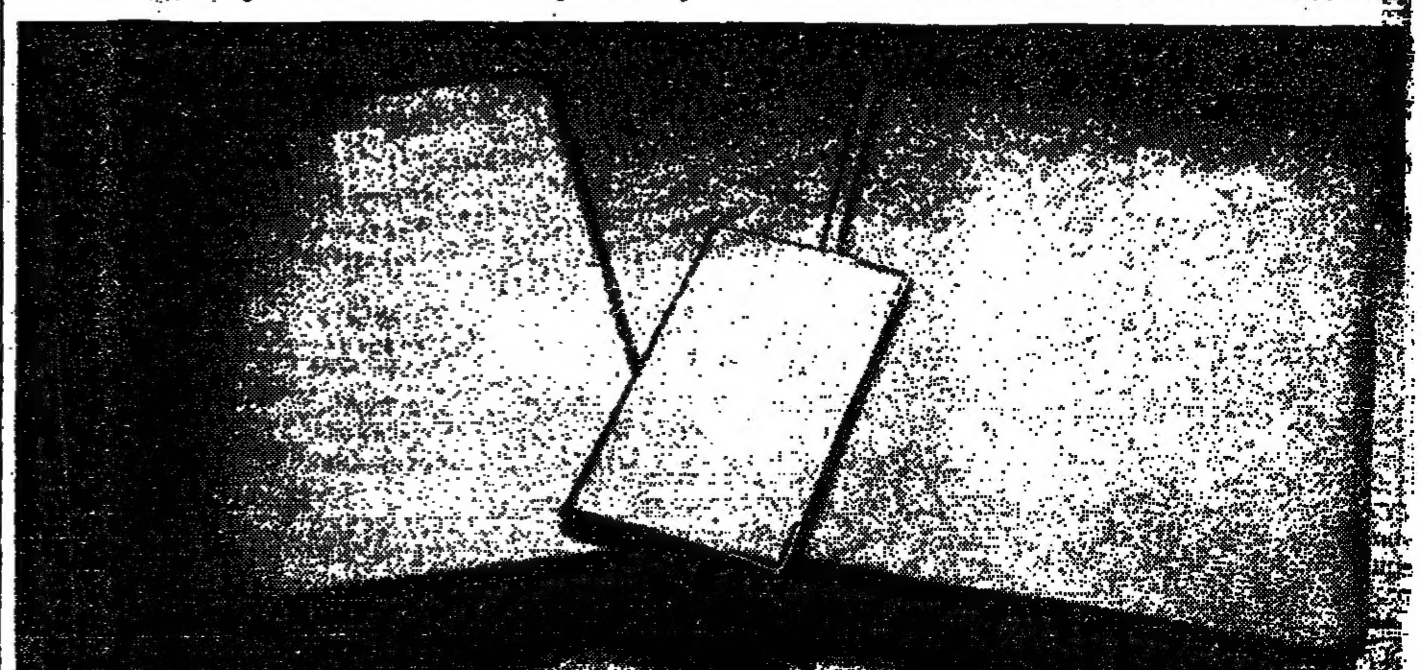


Navy vessel in defence export voyage

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

A STRENUOUS effort by the Ministry of Defence to further UK exports of defence equipment starts today when the Royal Fleet Auxiliary vessel Tarbatness sails from Portsmouth on a three-month tour to countries as far apart as Greece and Colombia.

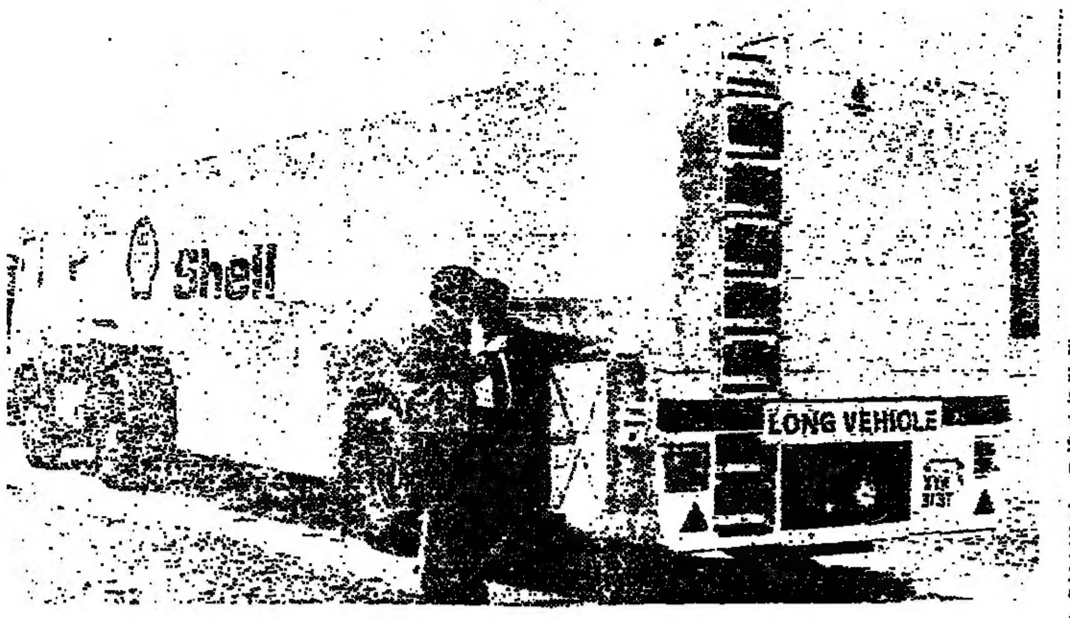
On board will be a "floating exhibition" comprising items of defence equipment from the Royal Ordnance Factories and 66 UK companies, for display to senior Service and civilian officials in the countries concerned.

Some items will be exhibited ashore as well as afloat. They range from military vehicles to communications and other electronic equipment.

The object of the visit is to demonstrate the wide range of British defence equipment, with a view to promoting sales after subsequent further examination and discussion.

Inquiries made during the tour will be followed up by the companies in the customary way, and many of them will be flying out executives to the various countries while the tour is in progress.

The countries to be visited include Spain, Nigeria, Brazil and Tunisia. The ship will return to Britain on December 21.



Shell tests safety features of prototype plastic tanker

BY LYNTON McLAIN

A PROTOTYPE plastic road tanker, designed to cut the fire risk in the haulage of flammable liquids, has entered service with Shell UK Oil, only months before the Government is expected to introduce tough new standards for tanker design and maintenance.

The 34-feet-long tanker body is box-shaped and made from a double skim of glass-reinforced polyester (GRP) by M and G Tankers of Stourbridge, West Midlands. The £250,000 development took three years.

The company is owned jointly by Interdom Holdings and J and J Dyson and yesterday it offered a £40,000 prototype to the Department of Transport for testing to destruction.

Mr. William Rodgers, Transport Secretary, said in August that he planned to introduce new safety measures by the end of the year. In July 150 people died in Spain after a chemical tanker blew up.

The new tanker is not designed to carry chemicals or fuel under pressure, but Mr. Tony Hutchinson, chief transport engineer for Shell UK Oil, said he believed the tanker was the safest on the road.

Shell was given the second prototype tanker free by M and G. It plans to buy the third prototype in four months if tests go well

Delta Airlines chief praises efficiency at Gatwick Airport

BY OUR AEROSPACE CORRESPONDENT

EFFICIENCY AT Gatwick Airport received praise yesterday from Delta Airlines of the U.S., which since last May has been flying between there and Atlanta Georgia.

Mr. Tony McKinnon, an assistant vice-president of Delta, commented in an article in Airport News, journal of the British Airports Authority (BAA), that he could not understand why other airlines did not want to take advantage of the quiet at Gatwick compared with the congestion at Heathrow.

Mr. McKinnon was commenting on reports that airlines such as Iberia of Spain and TAP of Portugal have protested strongly at the UK Department of Trade's decision to make them move from Heathrow to Gatwick, to ease congestion at the former airport.

He said: "Airlines need have no worries about operating from this great airport. We have nothing but admiration for its organisation and efficiency."

East Midlands runway plans to be studied

FINANCIAL TIMES REPORTER

THE EAST Midlands Airport Authority, at Castle Donington near Derby, has appointed the British Airport Authority's independent consultancy department to investigate the likely need and economic viability of a proposed £5.5m extension to the airport's main runway, to cope with medium-haul and long-distance flights to the U.S., East Europe and beyond.

The East Midlands Airport has also asked for a detailed civil engineering survey. The two surveys will cost £35,000, and will be submitted to the EMA authority's joint committee early next year. If they are satisfactory, permission will be sought to extend the runway from 7,480 ft to 9,491 ft.

● A delegation from Nottingham Chamber of Commerce is to ask Sir Peter Parker, chairman of British Rail, to electrify the main St. Pancras line to Leicester, Nottingham, Derby and Sheffield, with a diversion to bring it closer to East Midlands Airport.

Smallpox centre 'should have been closed'

BIRMINGHAM'S SMALLPOX laboratory should have been closed before last month's outbreak, Dr Halfdan Mahler, director general of the World Health Organisation, said in London yesterday.

The research centre attached to Birmingham University was one of eight throughout the world that the organisation wants shut. Dr. Mahler, a Dane, said it was a disappointment that all such laboratories had not been closed last year.

Mrs. Janet Parker, aged 40, a laboratory photographer, whose home was at King's Norton, died after contracting the disease. Her mother is still in isolation.

The Birmingham laboratory was to close at the end of this year, leaving one smallpox laboratory in Britain, at St. Mary's Hospital, London.

Dr. Mahler, who is attended the organisation's European regional committee meeting in London, explained that smallpox should be eradicated from the world next year.

"Four reference laboratories under very tight security standards will be permitted to keep stocks of the virus," he said. "In the U.S., the UK, the Soviet Union and Japan.

"It is like putting it into a museum, and it is a scientific necessity in case for some mysterious reason a problem *should arise in the future.*"

New guide for researchers

A NEW edition of the Department of Industry's booklet Technical Services for Industry was published yesterday.

The booklet is a guide to research establishments and provides the most appropriate source of information or assistance for a wide variety of technical problems. The fields range widely—from socks to satellites—and take in most of the sectors vital to technology-based industry.

SECOND DAY OF CROWN AGENTS TRIBUNAL

'Lone voice' warned of risky investments

A "PRETTY damning indictment" of what had gone wrong at the Crown Agents, resulting in its multi-million pound losses, had been circulated internally by a lone protesting voice, it was said yesterday. This lone voice warned of the Agents being used as a "dumping ground" for lines of difficult-to-place shares.

But, Mr. Robert Gatehouse, QC, told the tribunal investigating the Crown Agents' £236m losses on its secondary banking and property activities between 1967 and 1974, the complainant could not get support to see the "unapproachable" Sir Claude Hayes, chairman of the Crown Agents.

The tribunal, which began sitting yesterday, with all the powers of the High Court, was set up by the Government to look into what extent there were lapses from acceptable commercial or professional conduct or of public administration in the operations of the Crown Agents.

This is an independent body which conducts large-scale purchasing and investments and provides services in Britain for overseas governments and foreign public authorities.

Mr. Gatehouse, for the tribunal, said: "It seems a pity so little support was given to Mr. P. W. Nowers, the office fund accountant and the lone, protesting voice."

Mr. Nowers had circulated a paper entitled What Went Wrong in December 1973 to a number of senior officers in departments of finance at the Crown Agents.

"He hoped to enlist enough support to make an approach to the unapproachable Sir Claude Hayes," said Mr. Gatehouse. But this support was not given.

Mr. Nowers, he added, had sounded a warning as early as August, 1971, in a letter to Sir Stephen Luke, the former chairman. Unfortunately, said Mr. Gatehouse, Sir Stephen had no powers to intervene.

In his paper, Mr. Nowers pointed to the risky investments, the inexperience of many of the Crown Agents officers, and the disregard of sound banking rules. He suggested a thorough review of all financial activities, with a four-fold aim:

● To extricate the Crown Agents from the loss-making situation.

● To ensure that they were no longer engaging in activities which were in many ways improper.

● To fine down activities to dimensions over which control would be exercised

● To concentrate on fields where risks were minimal and sensibly proportioned returns were reasonably assured.

It was a "pretty damning indictment of what went wrong," said Mr. Gatehouse.

Mr. Nowers wrote that in at least one case a major investment was made in the face of strong warning signs and a very large loss was made. Mr. Gatehouse suggested this was a probable reference to Vehicle and General Insurance.

Mr. Nowers had added: "We were undoubtedly conned by some brokers who were very glad to have a gullible client who would act as a dumping ground for parcels of very difficult shares. "The proverbial road to disaster of borrowing short and lending long was assiduously followed."

Mr. Gatehouse said that Sir Claude, who was a very important witness, had referred to decentralisation proposals saying that the position of financial controller was essential to the whole scheme.

Promotion

Mr. E. J. Sayers had been appointed controller by Sir Claude's predecessor to vet estimates, budget proposals and costs.

He should have been a key figure in the whole structure but it soon became clear he did not have the standards or the experience required. An outside appointment was not considered until there was no expertise of financial control within the departments.

Mr. Gatehouse continued: "Sir Claude raised one of the cardinal difficulties facing the Crown Agents. They were a small body so far as personnel were concerned. There were about 15 separate departments and the inevitable result was that promotion opportunities in each of these departments would be extremely limited."

The great majority had joined at the age of 18 and had spent their lives in the office. It was a self-contained organisation and undoubtedly had an enormous esprit de corps.

The only way in which promotion could be sensibly assured was by the transfer to another department. There was very little external training.

Resisted

"They resisted and resented appointments from the outside world of commerce or professional fields," added Mr. Gatehouse. It was not until November 1970 that the first accountant was brought in from outside.

Above all there was the difficulty that the Crown Agents were on civil service terms and it was impossible to get outside experts to join on such salary scales.

If they had confined themselves to money markets and increasing their service fields, it might have been possible for the Crown Agents to have reached their targets. But it seemed clear *that Mr. Sayers did not have the* qualities necesary, and that was another seed of the disaster, said Mr. Gatehouse.

Monitoring

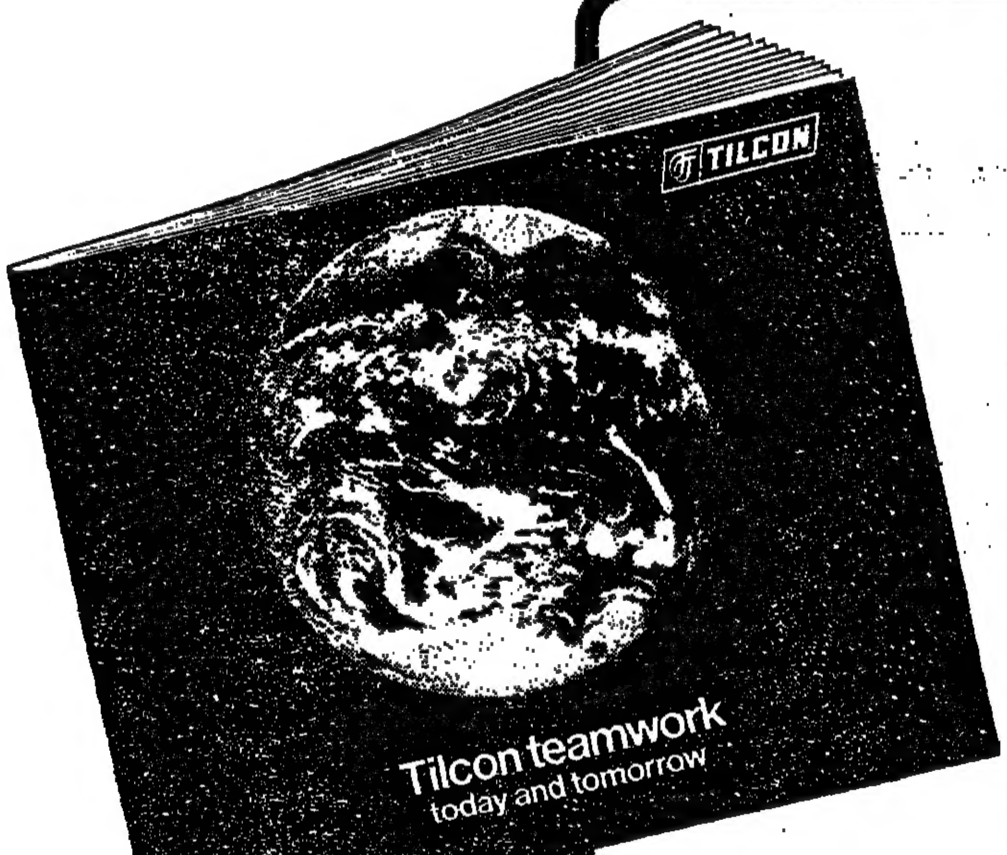
At the time when FINVESC—the Finance Department Investment Account—was most in need of careful monitoring there was no effective control at all.

"The man in control was not forceful enough, never had any effective training and, it appears was positively impeded in carrying out his responsibilities," said Mr. Gatehouse.

There had been a lack of information on investments being passed to the Ministry of Overseas Development. In June 1969, the Crown Agents took an equity investment in Sterling Industrial Securities and this was not put to the Board before it was made.

"It was not until October of that year that the Ministry heard of this investment, and that came from an announcement in the newspapers," he said.

Another proposed investment, in the First National Finance Corporation, was not reported to the Ministry. It was a Press announcement which informed officials in the Ministry who then made "somewhat restrained and plaintive inquiries." The tribunal continues today.



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TO THE HOLDERS OF
THE GOVERNMENT OF THE REPUBLIC OF SINGAPORE
7¾ PER CENT EXTERNAL LOANS BONDS 1987

NOTICE IS HEREBY GIVEN pursuant to the provisions of the conditions of November 1 1972, under which the above-described bonds were issued, Citibank N.A., formerly First National City Bank, as fiscal agent, has selected for redemption through drawings by lot, USDLR429,000 principal amount of the above-described bonds. The serial numbers of said bonds selected are as follows:—

BONDS OF USDLR1,000 EACH

10	1598	4154	7143	9196	11121	12571	14437	17797
16	1656	4186	7176	9221	11145	12592	14451	17826
29	2456	4217	7197	9246	11154	12603	14491	17863
50	2476	4237	7526	9321	11199	12623	14597	17896
77	2498	4264	7555	9346	11225	12648	14608	17921
102	2515	4282	7594	9373	11256	12693	15726	17943
157	2530	4300	7623	9421	11276	12728	15749	17989
172	2542	4321	7641	9456	11301	12756	15763	17999
199	2596	4350	7653	9491	11321	12781	15783	18101
209	2609	4585	7689	9523	11355	12801	15794	18206
221	2632	4599	7789	9556	11376	12828	15932	18326
240	2674	4623	7808	9621	11401	12842	15963	18398
249	2693	4645	7828	9674	11429	12876	15997	18444
270	2714	5101	7868	9696	11460	12893	16111	18499
279	2725	5121	8111	9729	11477	12912	16129	18723
341	2753	5147	8128	9763	11502	12931	16163	18827
359	2789	5283	8163	9800	11516	12953	16200	18879
384	2809	5314	8193	9821	11532	13101	16232	18923
400	2823	5356	8312	9879	11555	13121	16264	18999
503	2876	5370	8343	9899	11567	13146	16297	19101
581	2883	5477	8356	10100	11595	13197	16321	19198
596	2907	5506	8379	10126	11613	13221	16363	19289
665	2921	5546	8398	10173	11621	13246	16384	19327
702	2970	5578	8406	10200	11649	13295	16400	19343
732	2999	5596	8481	10224	11674	13323	16424	19393
764	3023	5623	8505	10276	11691	13343	16453	19427
805	3046	5645	8541	10314	11763	13356	16473	19444
829	3076	5663	8586	10346	11784	13400	16496	19476
853	3094	5671	8599	10379	11796	13426	16527	19498
907	3123	5692	8623	10403	11824	13457	16544	19526
923	3164	5727	8647	10439	11843	13497	16598	19563
947	3179	5787	8672	10476	11897	13520	17001	19607
979	3207	5799	8698	10487	12136	13543	17029	19666
1067	3256	5824	8727	10505	12151	13593	17063	19697
1085	3289	5848	8773	10536	12172	13621	17100	19724
1097	3378	5864	8799	10552	12199	13684	17198	19763
1114	3406	5896	8814	10600	12212	13712	17298	19797
1135	3427	5923	8847	10634	12241	13796	17329	19824
1166	3453	5949	8863	10672	12257	13822	17359	19846
1198	3486	5988	8901	10701	12282	13847	17389	19893
1232	3501	6003	8929	10745	12347	14101	17420	19907
1264	3523	6034	8959	10793	12356	14198	17449	19929
1300	3549	6070	8985	10842	12379	14225	17499	19947
1334	3899	6089	8999	10864	12447	14282	17525	19963
1347	3915	7002	9100	10888	12473	14292	17635	19999
1498	3947	7031	9129	10912	12498	14327	17697	
1537	4121	7064	9147	10943	12524	14399	17728	
1576	4137	7089	9163	10999	12543	14419	17743	

On November 1, 1978, the bonds designated above will become due and payable in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts. Said bonds will be paid upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder at the specified offices of the paying agents appointed as mentioned in the conditions printed on the reverse of each bond. The coupons due on November 1, 1978, should be presented for payment in the usual manner.

On and after November 1, 1978, interest shall cease to accrue on the bonds herein designated for redemption.

CITIBANK N.A. Singapore.
DATED September 15, 1978.

Cost of school clothes has doubled, says Tory

BY OUR CONSUMER AFFAIRS CORRESPONDENT

THE COST of providing children with school uniforms and other clothes has more than doubled since the Labour Government came to power, Mrs. Sally Oppenheim, shadow Prices Secretary, claimed yesterday.

Mrs. Oppenheim, speaking at Bletchley, said that a typical list of 17 items of schoolkit now cost twice as much as in 1974. For a 10-year-old boy, the cost was now £58.43 compared with £28.15. *The cost for a girl the same age* was £57.04 instead of £25.52.

As a result, said Mrs. Oppenheim, "there will be more children going back to school this term in hand-me-downs than ever before."

She added that school clothes were one of the most expensive items, after food and electricity prices, that families now had to face.

Docks trade report put off

THE DEPARTMENT of Transport has agreed to defer for a year a report from the Tees and Hartlepool Port Authority on trade through Tees and Middlesbrough Docks.

Increased general cargo was one of the conditions attached to the department's authorisation *of spending on two new berths* at Tees Dock if Middlesbrough Dock was also to remain in operation.

The general world recession and the unexpectedly low level of steel and of West African trade has meant that tonnage through the docks so far this year has been only about 75 per cent of that anticipated. By the end of July the authority showed an overall *loss for* the year to date.

The '79 Marinas. Now.

Marina 1300 Coupé
£2707.
Simulated urban driving: 30mpg (9.4L/100Km): constant 56mph. 39.2mpg (7.2L/100Km): constant 75mph. 28.7mpg (9.8L/100Km).*

Marina 1300 Saloon
£2822.
Simulated urban driving: 30mpg (9.4L/100Km): constant 56mph. 39.2mpg (7.2L/100Km): constant 75mph. 28.7mpg (9.8L/100Km).*

Marina 1300L Coupé
£2927.
Simulated urban driving: 30mpg (9.4L/100Km): constant 56mph. 39.2mpg (7.2L/100Km): constant 75mph. 28.7mpg (9.8L/100Km).*

Marina 1300L Saloon
£3007.
Simulated urban driving: 30mpg (9.4L/100Km): constant 56mph. 39.2mpg (7.2L/100Km): constant 75mph. 28.7mpg (9.8L/100Km).*

Marina 1700 Saloon
£3029.
Simulated urban driving: 30.1mpg (9.4L/100Km): constant 56mph. 39.9mpg (7.1L/100Km): constant 75mph. 28.9mpg (9.8L/100Km).*

Marina 1300 Estate
£3219.
Simulated urban driving: 29.5mpg (9.6L/100Km): constant 56mph. 40.6mpg (7.0L/100Km): constant 75mph. 30.1mpg (9.4L/100Km).*

Marina 1700L Saloon
£3229.
Simulated urban driving: 30.1mpg (9.4L/100Km): constant 56mph. 39.9mpg (7.1L/100Km): constant 75mph. 28.9mpg (9.8L/100Km).*

Marina 1300HL Saloon
£3329.
Simulated urban driving: 30mpg (9.4L/100Km): constant 56mph. 39.2mpg (7.2L/100Km): constant 75mph. 28.7mpg (9.8L/100Km).*

Marina 1700 Estate
£3379.
Simulated urban driving: 30.0mpg (9.4L/100Km): constant 56mph. 39.8mpg (7.1L/100Km): constant 75mph. 28.4mpg (9.9L/100Km).*

Marina 1700HL Saloon
£3556.
Simulated urban driving: 30.1mpg (9.4L/100Km): constant 56mph. 39.9mpg (7.1L/100Km): constant 75mph. 28.9mpg (9.8L/100Km).*

Marina 1700L Estate
£3615.
Simulated urban driving: 30.0mpg (9.4L/100Km): constant 56mph. 39.8mpg (7.1L/100Km): constant 75mph. 28.4mpg (9.9L/100Km).*

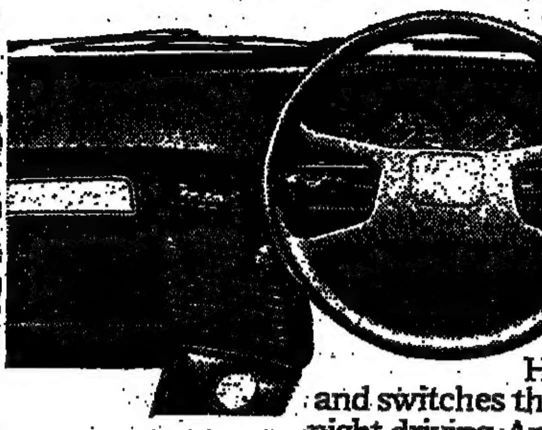
All prices quoted are maximum recommended retail prices, correct at time of going to press. They include car tax, VAT and inertia reel seat belts and exclude number plates and delivery.

*Officially Certified Government Fuel Consumption Figures.

MORRIS MARINA

Next year, a few saloons should feature at least some of these.

Design for good driving.

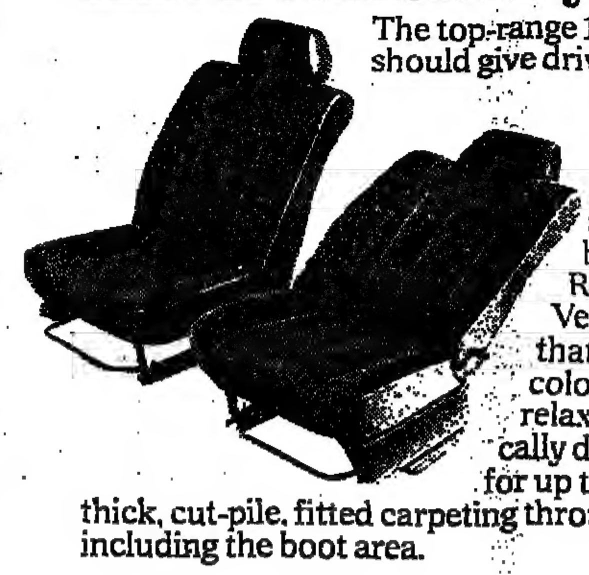


Next year, a top saloon should give you clear, comprehensive instrumentation, housed in an energy-absorbing, colour keyed fascia.

A responsive, 4-spoke steering wheel with a non-slip, padded grip.

Heating and cooling controls and switches that are illuminated for easy night-driving. And safety features like a brake system warning signal with an illuminated test switch.

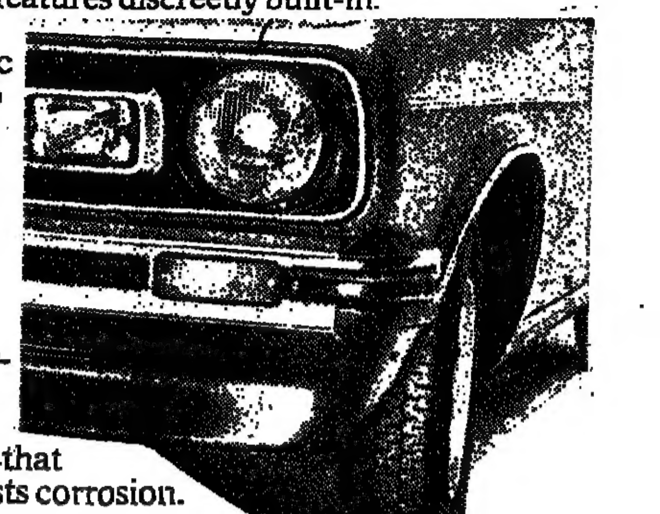
A lot of comfort for your money.



The top-range 1979 saloon should give driver and passengers a lot of space and comfort. Reclining front seats with safety head restraints. Rear seat armrest. Velour upholstery that's cool and colour-keyed. Firm, relaxing and scientifically designed seating for up to 5 adults. And thick, cut-pile, fitted carpeting throughout, including the boot area.

Style that helps performance.

Next year, a saloon will need clean, unfussy styling with sensible design features discreetly built-in.

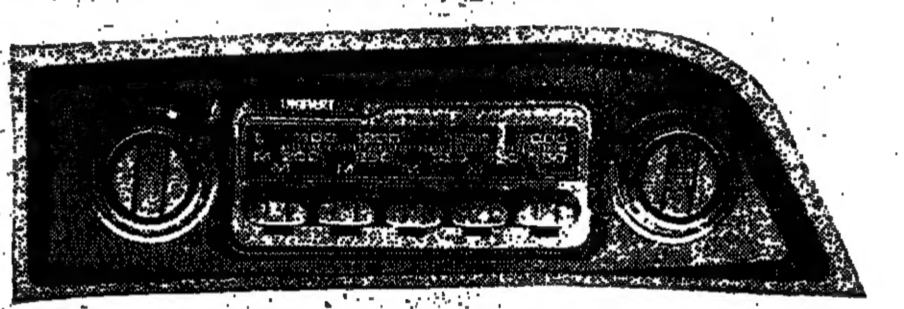


Features like this scooped, aerodynamic spoiler to sharpen up performance and road-holding.

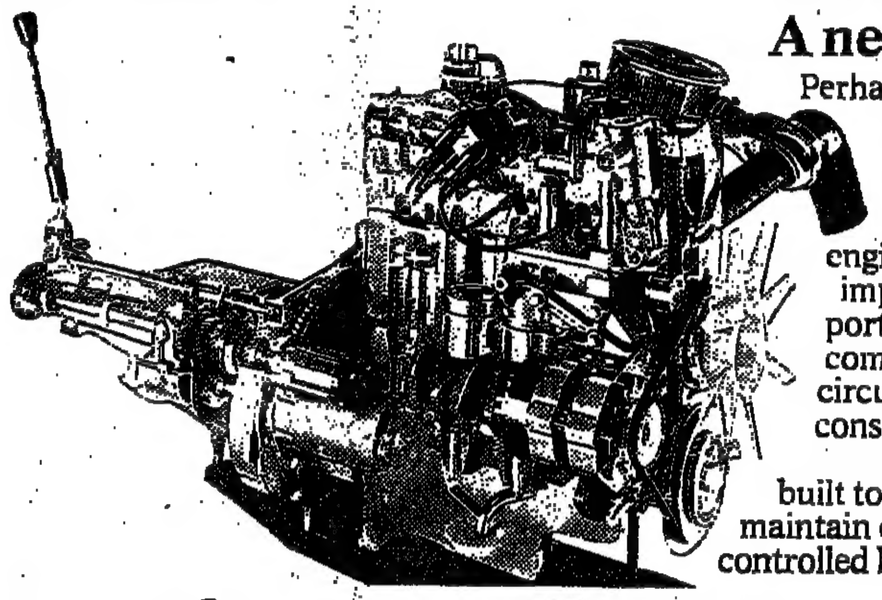
Features like clear, bright indicator lights protected from parking knocks by a black rubber bumper-ridge. Features like the use of a matte black grille surround that looks stylish and resists corrosion.

Top-of-the-range luxury.

If you opt for the top model of a 1979 saloon range, you should expect a push-button medium and long-wave radio fitted as standard with fascia-mounted speaker.



A new source of power.



Perhaps the most important of all, next year's top saloons should offer you new standards of engineering under the bonnet. A new overhead camshaft engine, belt driven to reduce the number of moving parts and cut down engine noise. An alloy head to reduce weight and improve heat conduction. New side inlet ports to preheat the mixture and give efficient combustion. Twin exhaust outlets and a new oil circulation system to help improve fuel consumption even more.

An engine that's compact, accessible and built to accept a light emitting diode to check and maintain correct timing. A new source of power controlled by a new dual line brake system.

A'79 Marina Saloon has the lot. Now.

Everything you see above, and more, you'll find in the 1979 Marina 1700 HL Saloon. You'll find a great many of them in the other two 1700 Saloons, the 1300 Saloons and Coupés and the three Estates that go to make up the 1979 11-car Marina range.

The six Marina 1300 models are powered by the celebrated A-Series Morris engine, a power unit of proven performance and outstanding economy.

You don't have to wait until next year to enjoy the '79 Marinas. They're in your Austin Morris showroom right now.

MORRIS MARINA

We haven't lost our sense of values.

Car featured, 1700HL. Official Government Fuel Consumption figures: simulated urban driving, 30.1mpg (9.4 L/100Km): constant 56mph, 39.9mpg (7.1 L/100Km): constant 75mph, 28.9mpg (9.8 L/100Km). Morris Marina 1300 simulated urban driving, 30mpg (9.4 L/100Km): constant 56mph, 39.2mpg (7.2 L/100Km): constant 75mph, 28.7mpg (9.8 L/100Km).

From Austin Morris, a subsidiary of BL Cars.

HOME NEWS

New financial paper planned by Trafalgar

FINANCIAL TIMES REPORTER

TRAFALGAR HOUSE, owner of the Daily Express, will launch a new financial weekly newspaper early next year.

The new paper, aiming for an initial circulation of 60,000 copies, is the latest expansionist plan of Mr. Victor Matthews, chairman of Express Newspapers and of Fleet Publishing International, both subsidiaries of Trafalgar House. Fleet Publishing was set up after Trafalgar's takeover of Morgan-Grampian.

The paper, to be called the Financial Weekly, will appear on Fridays. It will be printed and published separately from the Express, under the control of a new company to be called Fleet Financial Publishing.

The editor-in-chief is Mr. William Davis, a former Financial Times writer, and one-time editor of Punch and financial editor of the Guardian.

Mr. Davis said yesterday that he intended the paper to appeal widely to businessmen and to investors. "We want to take readers behind the news as much as possible. We shall be interested in people and we shall include well researched investigative articles. The paper will have some big name columnists, but we will not print turgid economic essays.

"The paper will be aimed primarily at the busy executive. It will be broader in scope than the Investors Chronicle, with more emphasis on people than statistics." He said the Financial Weekly might overlap with the Economist, but would not aim to rival its coverage of American affairs.

Mr. Davis said the paper would start with about 60 pages in a tabloid newspaper format. He was expecting to recruit about 30 to 40 journalists during the next few months. The first step would be to advertise for an editor.

The paper will be sold on news stands as well as by subscription. The launch costs have not been disclosed, but Mr. Davis said initial promotion would be "well into six figures."

Disclosure of plans for the Financial Weekly follow shortly on the heels of Express Newspapers' announcement that it is to launch a new national tabloid, to be called the Daily Star.

The two ventures are completely separate, however. The Financial Weekly will be printed outside the Express empire and will have its main offices outside Fleet Street. The Daily Star, on the other hand, is intended to mop up surplus capacity and manpower within the Express. It will be printed in Manchester and is aimed mainly to compete with The Sun in the North of England and Scotland.

Electrical prices 'vary too much'

By David Churchill, Consumer Affairs Correspondent

PRICES of electrical goods ranging from colour televisions to toothbrushes can often vary by as much as a quarter from shop to shop, according to a new price survey.

The survey, by the Audits of Great Britain market research company, found that while a *price range of 15 per cent was* the accepted spread, in many cases it rose to 25 per cent. The spread was particularly marked among some automatic washing machines.

AGB's survey, the first it has carried out into prices in domestic appliance retailing, also *emphasises* the weakness of small, independent retailers in competition with the big stores, such as Electricity Boards, Co-operatives, and the Curry's chain.

"Prices at independents are higher than those of most major store chains although, as would be expected, there is much wider dispersion of price levels," comments AGB. The survey reveals that the distribution of most major brands of electrical goods is very much lower among independents. On average, a brand is about four times as likely to be stocked by a major store than by a small independent.

The survey of 1,000 stores throughout the U.K. was carried out between August 22 and 24, and will be repeated in November.

Apprentice system needs overhaul —Unilever chief

FINANCIAL TIMES REPORTER

SIR DAVID ORR
'. . . an outdated concept'.

BRITAIN HAS an archaic and expensive craft apprenticeship system that desparately needs overhauling, Sir David Orr, chairman of Unilever, said last night.

At the opening of the three-day British Association for Commercial and Industrial Education annual conference, Sir David emphasised that the success of British industry depended on raising productivity in the face of strong international competition.

Achieving that, he said, required greater flexibility in training people either to broaden their skills or to re-train them in new ones.

Training is based on the outdated concept that one initial training period will make a man competent at his job for the next 40 years, he said. Yet it is a continuous process.

"We all have to invest a great deal of money in training if we are to avoid shortages of the skills we need.

"It is a salutary thought that, despite our skills shortages in *this country, only about 2.5 per* cent of employed people are undergoing vocational training, compared with an average of around 4 per cent for the European Community as a whole."

This year, Unilever will spend about £100m worldwide on training, *more than the group has* invested in any single capital project. Of the £100m, Unilever intends to spend about £20m on training in Britain, including £14m for non-management training.

EEC help for women engineers

THE EEC Commission is to spend nearly £35,000 to help British women study at training workshops at Croydon, Kingston-upon-Thames and Birmingham to train as engineers.

It announced yesterday an award *of £34,860* from the EEC Social Fund towards a £70,000 project to enable the women to gain practical experience with engineering companies.

The scheme is organised by the Manpower Services Commission and the Engineering Industry Training Board.

Plan for helping the small company

BY JAMES McDONALD

THE GREATER London Council has put forward a plan to the Government aimed at helping small companies to find premises in London at prices they can afford.

A report to this week's meeting of the council's industry and employment committee recommends that Government departments should be approached to see if they will support proposals for business premises associations and a business premises corporation.

Mr. Mervyn Scorgie, chairman of the committee, said: "We are convinced that if there are enough suitable ready-to-use premises at rents small new businesses can afford we shall generate more jobs.

"That is why we have come up with the idea of business premises associations—organisations which could find and adapt suitable industrial property, then manage it for business tenants. This could include workshop accommodation, and the idea might be extended to provide for communal use of a showroom, conference room and other facilities."

A separate business premises corporation would probably be *needed to support the business premises associations financially* and with professional expertise.

The idea was suggested originally by the council to the Government inquiry set up to study the problems of small companies last year. The council has discussed the project with other organisations which are fellow members of the London Employment Forum.

Green Shield plan to extend stamps to diesel users

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE GREEN SHIELD trading stamps *company* is planning to enter the £140m-a-year diesel fuel market *to* counter some of the setbacks of the past year.

It has negotiated agreements with more than 100 of the several thousand petrol stations selling diesel fuel to give trading stamps on each sale, either by cash or *through an* agency card.

Green Shield hopes that within the next few weeks it will have sufficient petrol stations giving stamps on diesel fuel to launch its Transport Club of Britain.

This club would provide the *estimated 150,000* truck drivers in the road haulage industry with a guide to petrol stations giving stamps, details of each station's facilities, and information of the gifts that can be bought through the combined Green Shield and Argos showrooms.

Under the new promotion long-distance drivers using agency credit cards will be given between 100 and 200 stamps on the first 10 gallons and 10 or 20 a gallon thereafter. For cash sales, stamps will range between 10 and 40 stamps a gallon depending on the individual station's sales policy.

This move by Green Shield is part of its campaign to find alternative outlets to replace the steady loss over the past year of supermarket chains giving stamps.

Green Shield has also recently linked up with a hotels chain to offer stamps on bargain holiday week-ends this winter, and has considered stamps in other areas, such as holidays.

Pollution plan 'too vague'

FINANCIAL TIMES REPORTER

EEC GUIDELINES on the costing of anti-pollution measures by European industries are still too vague to form the basis for acceptable Community policy, concludes a House of Lords EEC *sub-committee.*

The committee, which has been looking into an EEC Commission recommendation last December, yesterday published evidence from a number of bodies, including HM Alkali and Clean Air Inspectorate, the Department of the Environment, Imperial Chemical Industries and the British Steel Corporation, most of which share the sub-committee's scepticism.

Mr. M. F. Tunnicliffe, of the Alkali and Cleain Air Inspectorate, said it was extremely difficult to evaluate even the direct costs of a company's pollution controls.

The Department of the Environment, while welcoming the EEC recommendation in principle, said the UK would continue to stress the need for environmental quality standards rather than equalisation of cost burdens.

Lords Select Committee on the European Communities; HL (1977-78) 258; SO; £1 60p.

BL to launch updated Marina in bid to boost flagging sales

AN UPDATED version of BL Cars' Morris Marina is being launched with a new O Series engine for the top end of the range, and a number of trim changes.

The car will have a new front spoiler designed to improve fuel consumption and road stability, and grille-mounted halogen lamps.

This is *the second car in BL's* range to be fitted with the O Series engine, which first appeared in the Princess II in June. The Marina range will also be reduced from 13 models to 11, five of which will be fitted with the 1700cc O Series. These will replace the twin-carburetter 1800 engines in the present cars.

The rest of the range will retain the 1275cc A Series engine.

Since it was introduced in 1971, with the aim of challenging the Ford Cortina in the company car market, the Marina has established itself as the best-selling car in the BL range.

But its popularity has faded in recent years, and the Cortina *regularly outsells it by two to* one. BL is now working on a radical re-styling of the car to refresh its image, but this is not expected to be finished for about a year.

The old Marina has been given a sales boost over the past month by a run-out campaign before the launch of the O Series-engined range.

Prices of the new car will range from £2,707 for the 1300 two-door to £3,328 for the best-equipped 1300 HL four-door version. The 1700 four-door will cost £3,029 and the 1700 estate £3,615.

● Renault, the French nationalised car manufacturer, is introducing its small R5 automatic *to Britain. The car has an elec*tronic automatic transmission unit developed from the series used in the company's larger Renault 12, 15, 16, 17, 20 and 30 models.

The price of the car will range from £2,524 for the 5TL to £3,050 for the 5TS.

Future of textile trade to be studied

BY RHYS DAVID, TEXTILES CORRESPONDENT

THE ISSUE of whether the textile industry in Europe has a future will be discussed at a conference which opens in London next Monday, at which one of the main speakers will *be M. Etienne Davignon, the* European Commissioner for Industry.

The conference of the International Federation of Cotton and Allied Textile Industries, covering 36 textile producing countries, is expected to draw about 400 delegates who will also be addressed by senior man-made fibre industry, trade union and textile research figures. Reports will be received on the state of the textile industry in member countries and applica*tions for membership will be* considered from Argentina and Brazil.

On the eve of the conference, figures published by the Textile Statistics Bureau in Manchester show that employment in the Lancashire cotton and allied textile industries has now fallen below 70,000 following a further reduction of 580 jobs in July. The total loss since July last year is 7,100.

The industry has been affected by the continued weakness in *demand for textile products* and by the pressure of imports but there has also over recent months been some quickening of the pace of technical change with several older mills being replaced by more modern installations needing much less labour. In the individual sectors spinning and weaving employ about 25,000 people with finishing, an area less affected by job losses, down to about 18,000.

Production figures from the industry show that single yarn *output in July was 1.5 per cent* less than in June last year—probably largely because of seasonal factors—and about the same as July last year. In weaving the daily rate of cloth production in July was 2 per cent less in metres than in June and 3 per cent less than in July 1977.

The industry is substantially down, however, in the first seven months on figures for the same period last year. Single yarn output at 95.7m kg compares with 105.5m kg last year and woven *cloth production* at 482.7m metres with 502m metres for the same period last year. Much of the drop in woven cloth production is in tyre cord where international market developments have led to a drop in offtake from traditional Lancashire suppliers.

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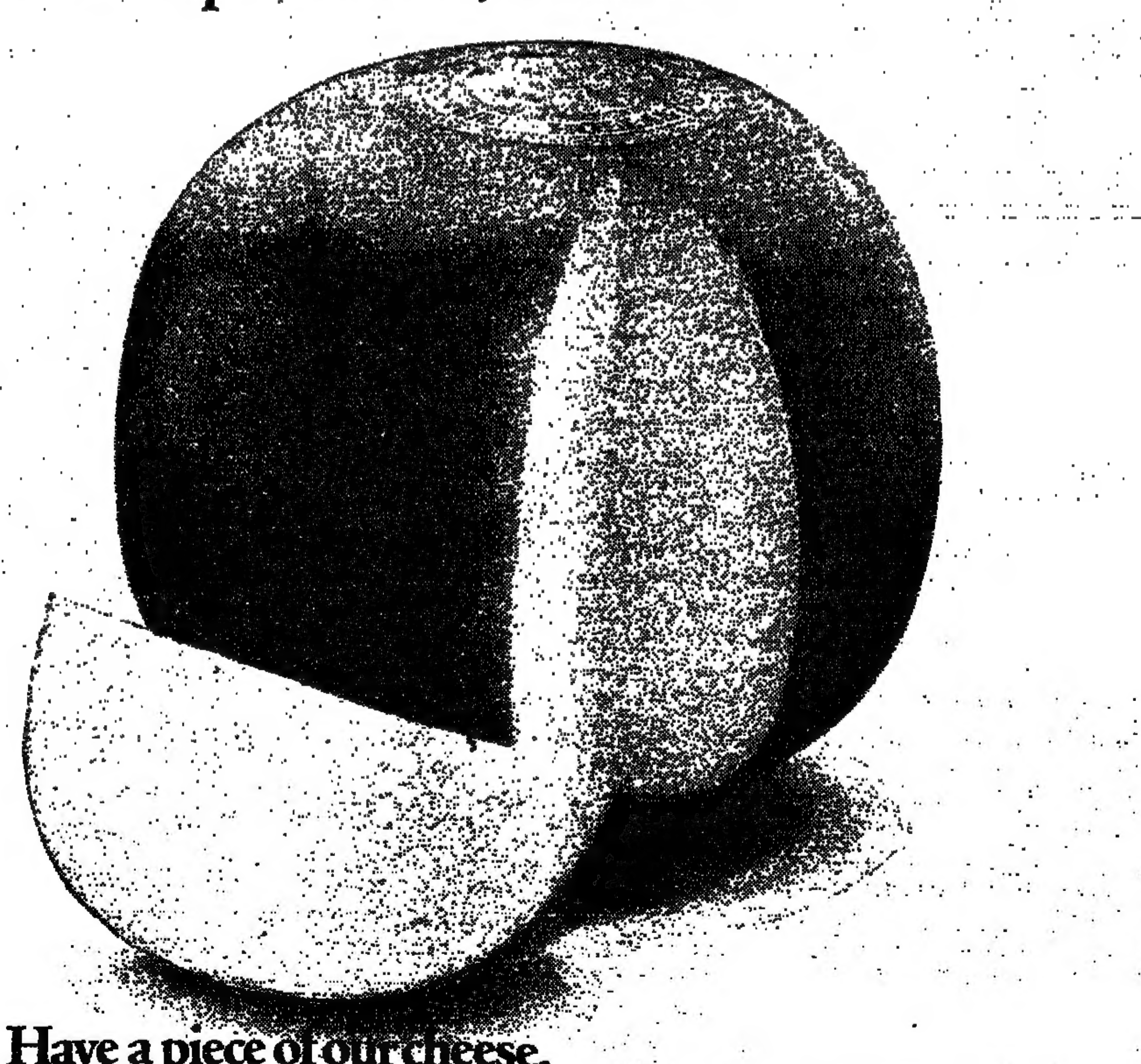

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LABOUR NEWS

Ruling on wage drift attacked by NUPE

BY CHRISTIAN TYLER, LABOUR EDITOR

HE WAR of words being waged gainst the new pay policy by ublic service workers intensified esterday on the eve of a joint nion meeting to draw up a big ay claim for more than 1m ouncil manual workers.

The Nation Union of Public mployees, which is already preparing plans for industrial ction, described as "sheer madess" a departmental instruction councils to take wage drift ising from last year's settleent into account for this ovember's pay settlement.

Mr. Ron Keating, assistant eneral secretary, said in Wolverampton last night: "The Government's guidelines mean that we ould end up in the ridiculous tuation where our members ve the Government money.

"If Jim Callaghan thinks that iblic service workers will eekly accept this situation he is ving in a dream world, and ay end up in the embarrassing sition of taking on some of e lowest-paid workers in the untry."

The amount of wage drift from last year's council workers deal is not yet known. But it could be 2½ per cent or more. If the Department of the Environment's instructions—which the Government says it is going to apply universally—are strictly followed then local authorities might have to offer much less on basic rates than would at first appear permissible in order to keep within the 5 per cent limit in earnings.

To make matters worse, the unions estimate it will cost about 3 per cent to correct pay distortions caused by incomes policies before a general wage increase is given.

The Government will be keeping a close watch on this first big public sector negotiation, and will be well content if it can keep the overall earnings rise to 5 per cent, given the battle warnings that have come from both NUPE and the Transport Workers.

Today's meeting of the trade union side—the third union is the General and Municipal Workers Unions—is expected to draw up a joint claim for a minimum wage of £60 for a 35-hour week, compared with the present £42.40 for 40 hours.

Similar claims can be expected for 250,000 hospital manual workers, and 17,000 ambulancemen.

Last year the Government accepted that the local authority manual deal was within the 10 per cent guidelines, although on paper it was a 10.7 per cent increase. It was expected that staff reductions would bring the actual increase in the wage bill to within 10 per cent, but that now looks unlikely.

Consequently, the offer on basic rates may look unacceptable low to the unions.

Union threat to Costain sites

BY OUR LABOUR STAFF

CAL UNION officials threaten shut some large construction es of Costain, the civil gineering group, in the dispute er Italian building workers at S. Air Force bases.

The Italian firm, Cimolai, was ought in to do work at the four st Anglian bases after another m, the original sub-contractor, the sites.

Costain, the main contractor, d the use of Cimolai was in eping with all building reguions and laws and had been cessitated by the withdrawal the other firm.

Union officials said yesterday t there was a growing feeling t Costain and other companies re using the Italian workers a test case, to see whether itish unions would tolerate the sence of foreign workers on er sites.

Construction firms have enuously denied this.

Unions believe Costain is in position to "suspend" nolai while the issue is sorted

Work on the basis, involving construction of blast-proof aircraft shelters and support facilities has been brought to a halt in a dispute which began over piecework between the construction section of the Amalgamated Union of Engineering Workers and Carter Horseley, a main sub-contractor.

Talks to try and resolve that dispute began yesterday against a background of one-day token strikes on sites operated by Carter Horseley or related companies.

The sites included two power stations, the Dartford Tunnel and a large sugar beet processing complex.

The dispute, however, became engulfed in the issue of the Italian workers whose crossing of picket lines has led to ugly scenes and a number of arrests.

If the strikes on Costain sites go ahead, possibly next week, the unions would aim to cripple some of the larger projects, including the Thames flood barrage and road schemes.

Partners in job security

T THREE-YEAR programme of a partnership between Merseyside County Council, Knowsley council, and the Manpower Services Commission, to safeguard jobs on Merseyside's largest industrial estate at Kirkby, was launched yesterday.

The estate, which extends to 900 acres, was started shortly before the last war, and employs 24,000 people.

An improvement plan worth millions will modernise the estate. The scheme includes road-widening, parking, financial incentives for small firms, clearance of derelict and bespoiled land and refurbishment of obsolete building and the erection of advance factories.

Already the Brick Development Association, representing 80 per cent of the building trade, has established a training centre for operatives among those taking part in the gigantic face-lift.

Safety code

AN APPROVED code of practice giving guidance on time off for training of safety representatives is published today by the Health and Safety Commission. It will come into effect on October 1, at the same time as the safety representatives and safety committees regulations.

MP seeks secret ballots

CRET BALLOTS were the best to overcome the industrial fe threatening Scotland, Tory dow Scottish Secretary Mr. ldy Taylor said in Glasgow night.

he apathy of the majority of workforce, who were "all too ling" to leave union affairs the hands of militant orities, had devastating conuences for jobs and for the ge of Scotland, he said.

Mr. Taylor, MP for Glasgow heart, urged that Government ncial help should be availe for secret ballots.

Demand for state drug company

A MAJOR drugs company should be nationalised and research expanded to ensure that drugs of the right kind at the right price were made available, a union leader urged yesterday.

Mr. David Warburton, national industrial officer of the General and Municipal Workers' Union and secretary of the Chemical Unions Council, said "It is time that we who pay the pipers started to play a few tunes."

He told a London audience of representatives from the drugs and cosmetic industries that research into serious diseases was held up primarily by competition between major drug companies for the cough remedies and sedatives market.

Mr. Warburton said the pharmaceutical companies had concentrated their "so-called research on those drugs which would bring the highest return.

"If we are to ensure that drugs of the right kind at the right price are made available to those who need them, then a major company should be taken into public ownership as well as expanding research."

Company Announcement

Gold Fields Group

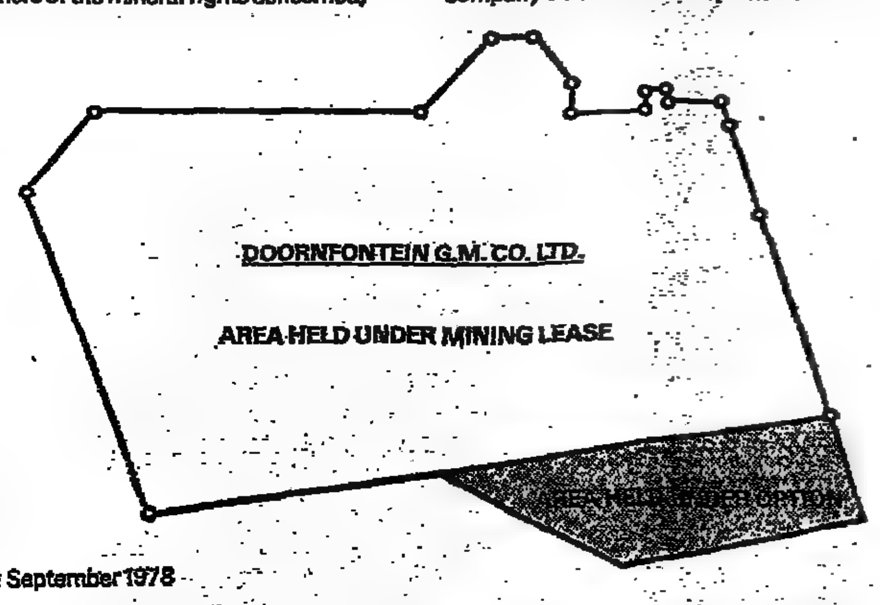
DOORNFONTEIN GOLD MINING COMPANY LIMITED

(Incorporated in the Republic of South Africa)

Option to Purchase Mineral Rights

In the Chairman's Review dated 25 August 1978, which is contained in the annual report posted to members on 19 September 1978, members were informed that consideration was being given to the possibility of acquiring the mineral rights over an area of some 600 hectares to the south of the company's mining lease area in the zone downdip of, and stretching from No. 2 Sub-Vertical Shaft in the west to the eastern boundary.

Agreement has been reached with Gold Fields of South Africa Limited (GFSA), the owners of the mineral rights concerned, whereby this company has been granted an option to purchase the mineral rights in respect of approximately 563 hectares of the farm Doornfontein No. 118 I.Q., as shown on the plan below. In the event of the option being exercised, the consideration payable to GFSA will be R997 600. In terms of the agreement GFSA has undertaken that it or its nominees will apply this consideration in subscribing for 172 000 shares in the capital of this company, this being based on the closing price of 580 cents per share on The Johannesburg Stock Exchange of this company's shares on 15 September 1978.



19 September 1978

Wages council changes

By Nick Garnett, Labour Staff

A GOVERNMENT-COMMISSIONED report, which could have wide implications for the system of statutory protection for the low paid, was issued yesterday by the Advisory, Conciliation and Arbitration Service.

The immediate subject of the report is the wages council for the toy manufacturing industry, which Mr. Albert Booth, Employment Secretary, asked ACAS to examine.

The report's principal recommendation is that the Employment Department should consider opening discussions in the industry on the possibility of converting the wages council to a statutory joint industrial council.

Such councils are provided for in the Employment Protection Act but, so far, none have been created.

They would differ from wages councils in having no independent members, with union and employer representatives forced to negotiate face to face.

Failure to agree would lead to independent arbitration.

Unions, which have been pressing for the creation of joint industrial councils, have become increasingly concerned at what they believe to be the failure of wages councils to protect the low paid.

Last week, a wages council settlement for staff in licensed hotels and restaurants was described by unions as "disgusting."

Mrs. Pat Turner, General and Municipal Workers' Union national industrial officer, who sits on the toys wages council, said the ACAS report was a "breakthrough"

The report says that, in the long term, determination of pay and conditions by collective bargaining is preferable to statutory protection.

Commons pension scheme talks

BY RUPERT CORNWELL, LOBBY STAFF

A SOLUTION to the protracted dispute between the Commons and the catering staff at the Palace of Westminster, now seems close. Catering staff staged several short strikes last summer to protest at their lack of a proper pensions scheme.

A report last night from the House of Commons Services' Committee—the MPs responsible for staff matters—urged that talks between the two sides should start at once.

Discussions should be based on proposals drawn up by a special working group, that the catering staff should join the Principal Civil Service Pensions Scheme.

The new arrangements would apply to all permanent staff in the building, who would contract out of the state scheme. Before implementation, any final agreement would be underwritten by the Exchequer and debated by the full House of Commons.

The working group, chaired by Dr. Reginald Bennett, Tory MP for Fareham, warns that, in addition to the basic provisions of the Civil Service scheme, the staff want a substantial backdating. This is regarded as the most dangerous potential stumbling-block to agreement.

The staff also want the new arrangements to apply to all employees working 18 hours or more per week, and for the scheme to be in operation by October 24 when this session of Parliament ends.

The standard Civil Service scheme provides a minimum pensionable age of 60. It includes ill-health benefits and other early retirement benefits. Basically, it is non-contributory, but all male members are required to pay a contribution of 1.5 per cent of salary towards the cost of a widow's pension scheme.

Eric Short writes: The Mineworkers' Pension Scheme had more than £100m of new money to invest in the year ending September 30, 1977, according to the latest report and accounts of the fund. This sum represented the excess of contribution income over benefits paid during the year, and investment income received.

Contributions from both members and the National Coal Board amounted to £136m—17 per cent higher than the previous year—while benefits paid out in pensions and lump sum payments rose by 15 per cent to £61.6m.

Investment income was almost 50 per cent higher, at £27m.

Total excess of income over expenditure, amounting to £101.3m, was invested in a variety of ways. Nearly £36m was put into marketable securities—equities and fixed interest—and more than £28m in property. About £18m was held in cash and deposits and £17.2m in other assets. The fund, on book values, amounted to £357.2m at the end of the year.

Port radio technicians to strike

By Our Labour Staff

PORT RADIO technicians employed by Marconi Marine yesterday reaffirmed their decision to strike from tomorrow after renewed talks between union and employers failed to find a solution to their pay dispute.

The 250 shore-based technicians in Marconi have said they will return to work on Monday, when the Radio and Electronic Officers' Union (REOU) will "review the situation" and consider whether to extend the strike.

Shipping authorities said yesterday they were not expecting any major disruption to shipping traffic over the weekend although the impact of the strike would depend on how many ships calling in at British ports required radio maintenance and servicing.

The main effect would be on quick turn-round cargo vessels such as oil tankers and container ships, which could be prevented from sailing by port authorities if their radio equipment was not in proper working order.

Ennals to intervene in hospital dispute

BY PAULINE CLARK, LABOUR STAFF

MR. DAVID ENNALS, Secretary for Social Services, decided yesterday to intervene in the hospital works officers' pay dispute as industrial action by the group, affecting hospital services throughout the country, went into its second day.

The five unions representing about 3,500 works officers in middle management grades in the National Health Service accepted his invitation for talks scheduled for late this afternoon.

No indication was given, however, of whether a new offer would be put to union leaders.

The works officers, who claim that the latest salary offer would leave some of them earning less than the craftsmen they supervise, are seeking an improved salary scale tied to a regrading structure under the 1974 reorganisation of the National Health Service.

After talks with Mr. Roland Moyle, the Health Minister, failed to produce a solution at the end of last week, they embarked on a number of forms of industrial action which, if prolonged, could lead to hospitals' closing to all but emergency

The Department of Health said last night that reports from the regions suggested all areas had felt that some impact from the action. Some hospitals had already taken steps to restrict non-urgent admissions.

An eight-point action programme includes a ban on overtime and on-call or standby duty and a refusal to attend to breakdowns of hospital laundry and sterile supplies machinery except for the maintenance of 10 per cent of normal production to allow emergency surgery and hospital care to be maintained.

The works officers will also refuse to do paperwork involved in the payment of the recently negotiated bonuses to hospital electricians—a settlement which they say is largely responsible for creating the differentials problem.

Legislation 'inhibits recruiting'

By Our Labour Staff

RECENT employment legislation is discouraging Merseyside small companies from taking on new employees. Several with less than 50 employees say that they have no intention of expanding in the present climate.

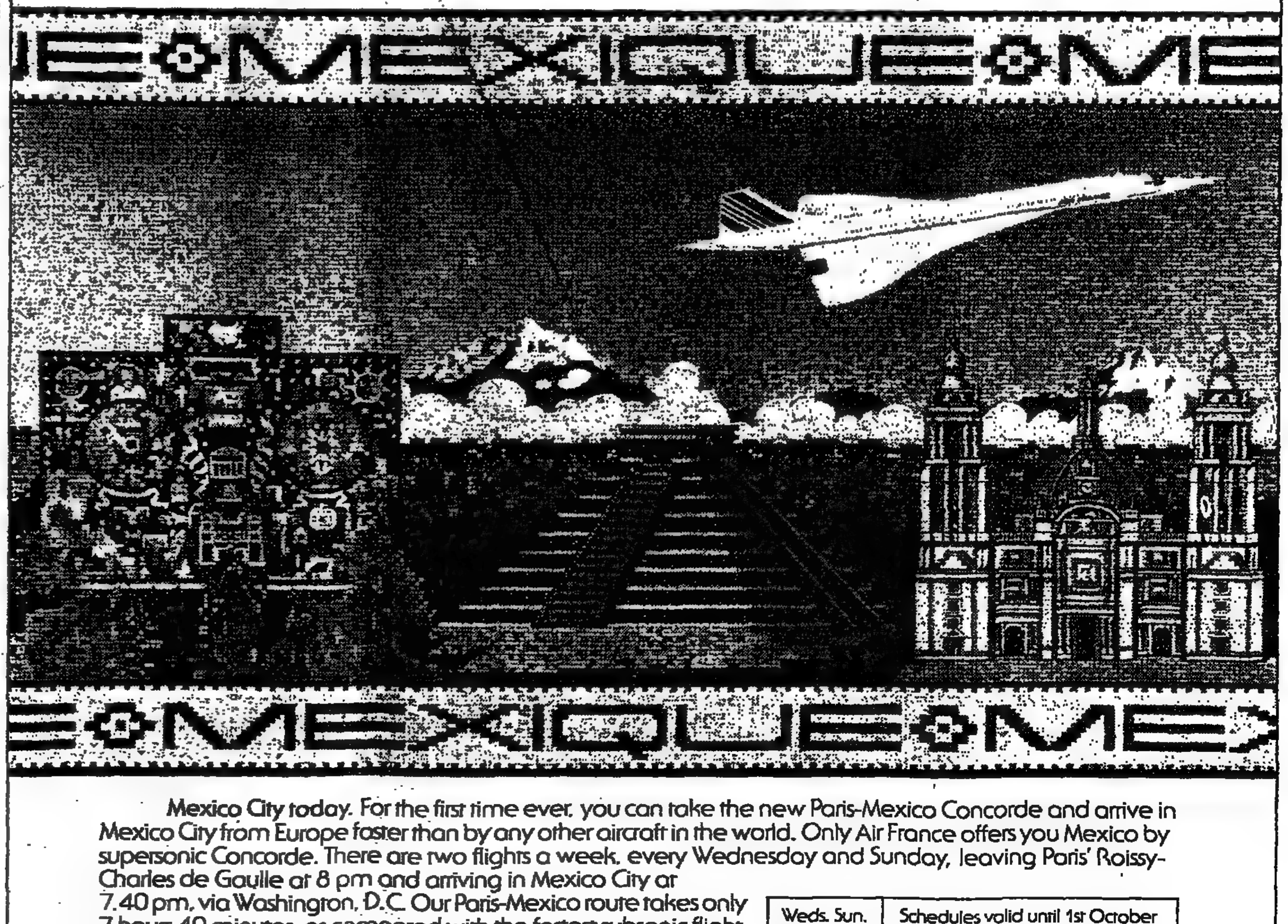
These facts have emerged from a survey by the Merseyside Chamber of Commerce and Industry. Yesterday, it said it had circulated member companies.

Of the 143 which replied, 82 per cent said the unfair dismissal legislation was having a most inhibiting effect on the recruitment of additional staff.

Ferranti fair wages award

SOME 1,800 staff employed by Ferranti, at Bracknel, have been awarded pay increases of up to 12½ per cent, backdated to May, under a fair wages resolution award by the Central Arbitration Committee.

Mexico aujourd'hui.



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The Bingham Report

Oil products reached Rhodesia soon after sanctions began

BY KEVIN DONE

THE UK GOVERNMENT Order declaring sanctions against Rhodesia was made at 6.30 pm on December 17, 1965.

It began a complex web of events which at once involved the British oil companies British Petroleum and Shell, and their subsidiaries in southern Africa.

It also brought on to the stage a much wider cast—other oil companies marketing in southern Africa; the illegal Government in Rhodesia; the British Government; and a number of other Governments, including South Africa, Portugal, the U.S. and France.

Very early in the first few months after the 1965 Sanctions Order crude oil supplies to Rhodesia were effectively stopped.

But it soon became known that oil products were reaching Rhodesia by road in significant quantities.

In succeeding months and years this first breach in the sanctions wall was greatly enlarged as the flow of oil products to Rhodesia was stepped up by supplies entering the country by rail.

British oil companies were intimately involved for much of this time, and for long periods their actions were taken with the knowledge of the Government.

In the summer of last year Dr. David Owen, the Foreign Secretary, appointed Mr. Thomas Bingham, QC, to make a full inquiry into how oil and oil products had reached Rhodesia since 1965.

Oil markets

The terms of reference allowed the inquiry to take all relevant oil operations in southern Africa into account. Only Shell and BP have fully co-operated with the inquiry.

As Mr Bingham points out in the introduction to his report, approaches to other oil companies "have not been fruitful. The parent companies of the major foreign groups involved have been either unable or unwilling to give detailed assistance on the facts."

When sanctions were imposed Rhodesia was much less dependent on oil as a source of energy than most other comparably industrialised countries, because of access to plentiful supplies of cheap coal and to important sources of hydro-electric power.

But it needed oil products for transport and industry. In 1965 consumption was about 3.3m barrels a year (400,000 tons).

The Bingham Report says: "There is no reason to doubt that denial of this oil would gravely have damaged the economic and social life of Rhodesia."

When sanctions were introduced three were various existing sources of supply.

At the time of UDI five companies marketed oil products in Rhodesia. These, with their approximate market shares, were: Shell Rhodesia (Pvt) (39.1 per cent); BP Rhodesia (Pvt) (12.9 per cent); Mobil Oil Southern Rhodesia (Pvt) (20 per cent); Caltex Oil Rhodesia (Pvt) (20 per cent); and Total Rhodesia (Pvt) (8 per cent).

All were incorporated under the laws of Rhodesia.

Mobil Oil Southern Rhodesia and Caltex Oil Rhodesia were subsidiaries of the well-known American groups.

Total Rhodesia was a subsidiary of Compagnie Française des Pétroles (CFP), a French company in which the French Government had and has a substantial interest.

In the period of about nine months which preceded UDI the five marketing companies in Rhodesia obtained their supplies of main oil products from the recently-opened Feruka Refinery at Umtali, close to Rhodesia's Mozambique border inland from Beira, to which it was joined by a pipeline.

This refinery was owned by Central African Petroleum Refineries (CAPREF), a company incorporated in Rhodesia in 1963. The ownership of CAPREF, which has not changed, was divided among the following companies:

Shell Petroleum Co 20.75 per cent; British Petroleum Co 20.75 per cent; Mobil Petroleum Co 17.75 per cent; Caltex UK 15.75 per cent; Total Rhodesia (Pvt) 5.00 per cent; American Independent Oil 15.00 per cent; Kuwait National Petroleum 5.00 per cent.

This refinery was designed to cater for the needs of Rhodesia, Zambia and Malawi.

The pipeline which joined it to Beira was owned by Lonrho and Companhia do Pipeline Mocambique Rodesia SARL (CPMR), a company controlled by Lonrho. In the 10 months preceding UDI supplies of crude reached CAPREF through the pipeline.

Two major refineries operated in South Africa in 1965. The larger of these was owned by Shell and BP South African Petroleum Refineries (SAPREF) and was near Durban. It had a primary distillation capacity of 89,000 barrels per stream day (since increased).

The other, also near Durban, was owned by Mobil Refining Company Southern Africa and probably had a primary distillation capacity of about 38,000 barrels per stream day (since increased).

Sales in the Mozambique domestic market in 1965 were about 1.6m barrels (200,000 tons). The market was about half the size of that of Rhodesia.

Shell-BP and SONAP (Sociedade Nacional de Petroleos, a local marketing company in which the Mozambique Government had a majority interest) enjoyed about a third of the trade each. The remaining third was split between Caltex and Mobil.

The business of Shell and BP was carried on by Shell Mocambique Ltd and by a Mozambique branch of BP Southern Africa (Pty) Ltd, the BP (Consolidated) marketing company incorporated in South Africa.

The domestic market in Mozambique was dominated by a local refinery commissioned in 1961 at Matola, near Lourenco Marques.

This was owned by the Sociedade Nacional de Refinaçao de Petroleos (SONAREP). Compagne Française de Petroles held a substantial minority interest, and also supplied the refinery with its crude oil feedstock.

Branch lines

The rail links in southern Africa came to play a very important part in the carriage of oil products to Rhodesia. They were: (i) From Beira a railway line runs directly to Umtali and Salisbury.

(ii) From Lourenco Marques (Maputo) a railway line runs through Vila Luisa and Magude, crosses the Rhodesian border at Malvernia and travels on to Bulawayo, Gwelo and Salisbury. This is the direct, or Malvernia, route from Lourenco Marques to Rhodesia.

(iii) Another railway line from Lourenco Marques runs through Moamba, crosses the South African border at Komatipoort, and continues through Nelspruit to Johannesburg, Pretoria and the heart of the Transvaal industrial area.

Two special branch lines lead from this main line. The first runs from Moamba and joins the direct Malvernia line from Lourenco Marques to Rhodesia at Magude.

Thus a train which has set off from Lourenco Marques in the direction of South Africa may by turning north-east at Moamba travel to Rhodesian instead. And a train which has originated in South Africa or entered South Africa from Mozambique may, via Moamba and Magude, travel to Rhodesia without visiting or returning to Lourenco Marques.

The second branch line runs north-westwards from Komatipoort through Skukuza and Tzaneen to join hte main line from Johannesburg and Pretoria to Messina.

This would enable a train which had entered South Africa from Mozambique to make its way to the Rhodesian border without transversing the industrial heartland of South Africa.

Report on the Supply of Petroleum and Petroleum Products to Rhodesia. By T. H. Bingham QC and S. M. Gray FCA. Published by the Foreign Office September 1978

TERMS OF REFERENCE

The Bingham inquiry was set up with the objects:

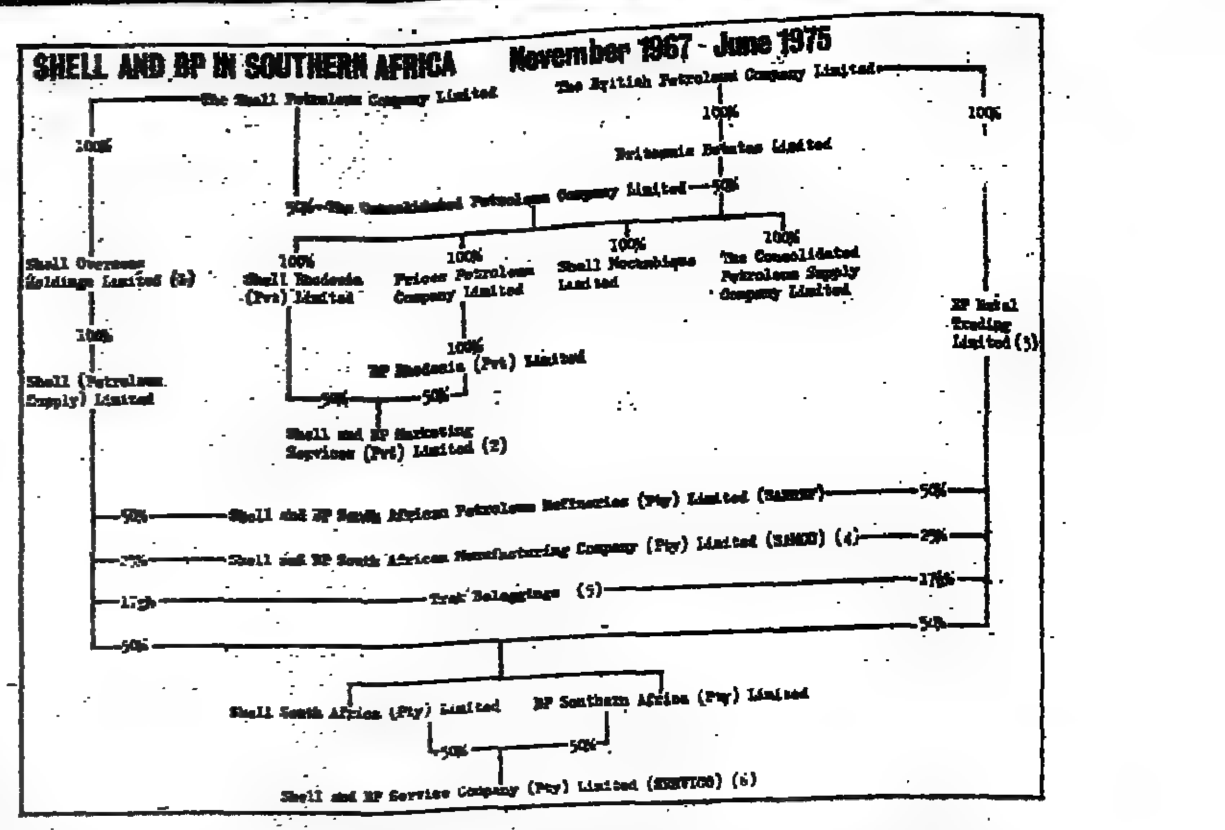
(a) of establishing the facts concerning the operations whereby supplies of petroleum and petroleum products have reached Rhodesia since December 17, 1965;

(b) of establishing the extent, if any, to which persons and companies within the scope of the Sanctions Orders have played any part in such operations;

(c) of obtaining evidence and information for the purpose of securing compliance with or detecting evasion of the Southern Rhodesia (United Nations Sanctions) (No. 2) Order 1968 ("the Sanctions Order"); and

(d) of obtaining evidence of the commission of any offences against the Sanctions Order which may be disclosed.

SHELL AND BP IN SOUTHERN AFRICA November 1967 - June 1975



AFTER A SERIES of agreements dating back to 1928 the Shell and BP groups undertook a joint marketing arrangement for supply and distribution of oil products in a large, "roughly triangular," area between Cyprus, South Africa and Ceylon.

This area was known as "the Consolidated area," because of the company created: Consolidated Petroleum Company, jointly owned by the groups in equal shares.

Although Shell South Africa and BP Southern Africa technically ceased to be subsidiaries of Consolidated in November 1967 they continued to be treated as such until June 1975.

Before 1975 BP had never marketed in South Africa independently of the Consolidated Agreements. These arrangements ended in South Africa in June 1975.

Already by 1965 the local operating companies were allowed and encouraged to operate very independently. Certain matters were reserved to Consolidated and thus, indirectly, to the parent groups, but the direct management role of Shell was a declining one.

The report quotes evidence from Mr. J. G. Francis, who from 1967 until 1976 was area co-ordinator at Shell Centre London, with responsibility for, among other places, southern Africa.

The management relationship was, he said, "rather one of service and advice and looking at the shareholder interest in the broadest sense, financial involvement and so on.

"General questions of major shareholding policy. We never purported in any way to manage the local operating companies which were under our wings.

"That was the job of the local managements. The local management had total authority over their own day-to-day operations.

"In no sense would we have thought ourselves in London to be managing the operations of our operating companies, and the bigger the operating company the truer this would be; and in the Consolidated sense the South African enterprise was overwhelmingly the largest company which we had in our parish, and they were very self-contained."

Shell played the primary role in management and did not intend or allow its residual management role to be diluted by sharing it with BP.

Mr. Francis said: "Shell didn't intend their management to be diluted.

"We didn't want, if we could help it, to drift into the same situation as we had arrived at in Shell-Mex and BP, which was constituted as a joint management with people on it from both sides of the house. We felt on the whole that this was a recipe for confusion."

'Wrong to assume that all events were known at the time'

THE BINGHAM report draws 33 main factual conclusions. It prefaces these by emphasising that it is a summary of facts now known and that "it would be wrong to assume that all the events now summarised were known to the Groups in London at the time the events were taking place."

Among the conclusions are the following:

Shell notified the Rhodesian Government before UDI that Shell and BP Groups would continue to perform their contractual obligations unless or until force majeure prevented them doing so. There may have been informal expressions of opinion to the effect that sanctions were unlikely to be imposed and, if imposed, were unlikely to be effective. The Groups did not deliberately encourage the Rhodesian Government to make its illegal declaration of independence and did not assure that Government that it would maintain supplies if sanctions were imposed.

It seems very likely that in the weeks preceding promulgation of the 1965 Sanctions Order, stocks in Rhodesia rose above the normal level. We do not think that any major concerted effort to that end was made, and limitations on storage capacity precluded substantial stockpiling. We doubt if the margin by which stocks were increased significantly affected the subsequent course of events.

It appears that stocks of refined products in Zambia immediately prior to the 1965 Sanctions Order were at a very low level. It may be that there was some interception in Rhodesia of supplies intended for Zambia, or a deliberate failure to consign to Zambia supplies which would otherwise have been consigned, but the evidence available to us does not show that this was so.

Satisfied

We are satisfied that Shell did not, in the weeks immediately preceding the 1965 Sanctions Order, negotiate with the Portuguese to vary the form of documentation for imports in transit through Mozambique with a view to concealing the destination of products consigned to Rhodesia in the event of an embargo.

Upon the making of the 1965 Sanctions Order, Shell on behalf of Consolidated and the Shell and BP Groups acted promptly to notify the Consolidated companies in South Africa, Mozambique and Rhodesia of the terms of the Order and to seek the compliance of those companies with its terms. A cargo of oil on the high seas en route for Rhodesia was diverted. Further supplies of crude were stopped. Orders suspected of being for Rhodesia were rejected.

The local management of the Consolidated companies in South Africa was impeded in its initial efforts to restrict the flow of oil to Rhodesia by the insistence of the South African Government that there should be no embargo within South Africa on supplies to Rhodesia and by the strong pro-Rhodesian sympathy of virtually all white South Africans employed by the companies. Despite these impediments, the local management of Consolidated tried, during about the first six months or so after the 1965 Sanctions Order, to prevent or reduce the flow of oil to Rhodesia.

In December, 1966, Shell Mocambique delivered about 3,000 tons of oil products free on rail at Lourenco Marques to Parry Leon and Hayhoe pursuant to contracts made between Shell South Africa and Parry Leon and Hayhoe in Johannesburg. During 1967 about 150,000 tons were so delivered. Shell South Africa was under strong pressure from the South African Government, if not under legal obligation, to make sales to South African buyers able to pay the price, which is what Parry Leon and Hayhoe were. While the product probably passed technically through the ownership of Shell Mocambique, it was supplied by the Consolidated marketing companies in South Africa and was in the main transported to Mozambique from South Africa. Parry Leon and Hayhoe sold these products to GENTA and consigned them to Rhodesia. Additional quantities may well have been similarly delivered to Parry Leon and Hayhoe for carriage to the Transvaal.

Deliveries

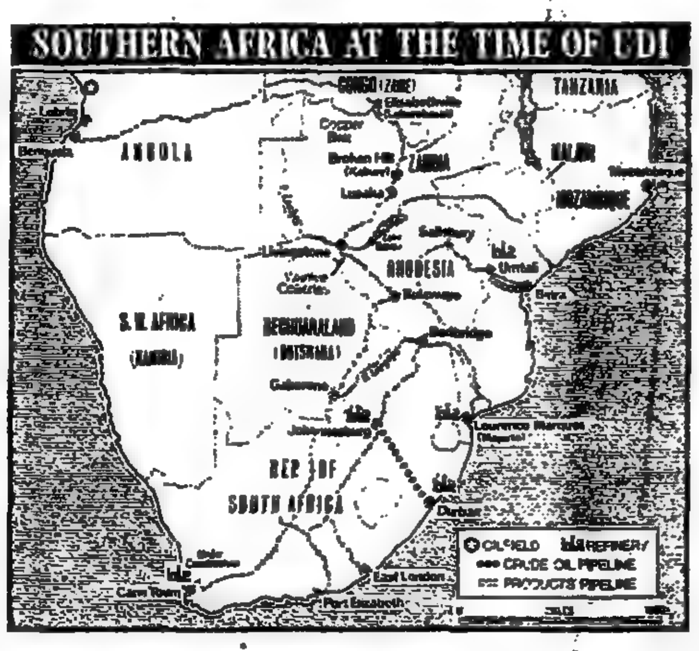
When Mr. Vasconcellos in Mozambique appreciated that goods delivered to Parry Leon and Hayhoe, or some of them, were being carried to Rhodesia he raised the matter with the top management in South Africa. He was told (in effect) to continue making such deliveries. The management in South Africa was, however, concerned to avoid the affixing of rail tank car labels showing a Rhodesian destination within the Shell Mocambique installation and was insistent that no consignments were to be made direct to Rhodesian destinations.

Mr. Walker's personal position as a South African citizen and general manager in South Africa with overall local responsibility for Mozambique was a difficult one because he could not faithfully comply at the same time both with the policy of the 1965 Sanctions Order that supplies should be denied to Rhodesia and with the policy of the South African Government that South African traders should be free to trade with Rhodesia. He believed it was arguable that since neither he nor Shell Mocambique knew for sure that any particular consignment was destined for Rhodesia there was no contravention of the 1965 Sanctions Order.

Mr. Walker informed the British Embassy in South Africa of his view that oil for Rhodesia was going through various intermediaries from all the companies supplying South Africa, probably in about the same proportion as their share of the South African market, and that he believed the other companies would make good any shortfall in supplies made by the Consolidated marketing companies.

Until January 1968, the Shell and BP Groups in London

SOUTHERN AFRICA AT THE TIME OF UDI



believed that no sales were made by the Consolidated marketing companies in South Africa and Mozambique to customers who were known or thought to be selling the products on to Rhodesia. That belief was based on information and assurances given by the general manager in South Africa, Mr. Walker. These assurances were passed on to HMG which, until towards the close of 1967, fully accepted them.

Information given to Shell in London in January, 1968 led the groups to believe that Parry Leon and Hayhoe, to whom goods were delivered free on rail at Lourenco Marques, might be consigning them to Rhodesia. A visit paid to South Africa and Mozambique by representatives of Shell in London confirmed that belief.

In about February, 1968, Shell Africa made an arrangement with Total South Africa that orders for products to be delivered free on rail at Lourenco Marques, placed on Shell South Africa by customers suspected of selling on to Rhodesia, should be fulfilled with product supplied by Total South Africa from its Matola installation in exchange for an equivalent quantity of product supplied to it by the Consolidated companies in South Africa at a convenient point or points in that country.

On February 21, 1968 representatives of the groups disclosed to the Commonwealth Secretary that deliveries had in the past been made free on rail at Lourenco Marques to customers who had re-sold to Rhodesia and that arrangements had been made for orders placed by more suspicious customers henceforth to be met from non-British sources at Lourenco Marques.

It may have been indicated that the CFP Group was the most likely non-British source and that a product exchange was involved. The details of the Total exchange arrangement were communicated to HMG in the course of the following year, if not on that occasion. HMG considered that this was the best arrangement which could be made in the circumstances but realised that it would not of itself prevent or reduce the quantity of oil reaching Rhodesia.

Products

The Total exchange arrangement was implemented and operated for a period, during which orders placed on Shell South Africa by Parry Leon and Hayhoe and after 1969 Freight Services were physically met with product supplied and handled by Total South Africa at Lourenco Marques against an equivalent supply elsewhere. This arrangement was superseded by an arrangement under which products supplied by the Consolidated South African marketing companies were handled through the Total installation at Lourenco Marques for a fee and then delivered by Total to Freight Services. This arrangement with Total ended at about the end of 1971.

During visits to South Africa in early 1974, it came to the attention of Mr. Francis (Shell) and Mr. Sandford (BP) that the Total exchange arrangement had ended and that Shell Mocambique was handling deliveries to Freight Services.

Mr. Francis told the local management of SERVICO or Shell South Africa that steps should be taken at once to remove Shell Mocambique from the chain of supply to Freight Services. This was not done before the closure of the Mozambique-Rhodesia border in March, 1976, although the quantities delivered by Shell Mocambique to Freight Services diminished following the opening of a direct rail link between South Africa and Rhodesia in September, 1974.

Mr. Francis discussed the matter with his immediate superior, Mr. de Liefde, and thought he had effectively communicated an understanding of the problem. Such was not the case: Mr. de Liefde did not appreciate that Shell Mocambique might be in jeopardy nor that there was any departure from arrangements notified to HMG.

Mr. Francis did not make any report on this matter to any other member of the Shell management nor ascertain whether his instructions to SERVICO or Shell South Africa had been carried out, although he was led to believe for a time that Freight Services traffic to Rhodesia had switched from Lourenco Marques to the new rail link. Early in 1975 he learned that some Freight Services supplies to Rhodesia were still being handled by Shell Mocambique in Lourenco Marques but thought that these were minor residual deliveries which gradually petered out.

Mr. Sandford informed his immediate superior, Mr. Robertson, what he had learned in South Africa and of the concern that he felt about it, but Mr. Robertson knew very little of the events in 1968 and misconceived the status of Freight Services and did not communicate any sense of urgency or alarm to the most senior levels of BP management or to Shell. Mr. Sandford pursued the matter with Mr Francis, but in October, 1974, concluded, wrongly, that the new rail link had attracted the Lourenco Marques oil traffic and thus solved the problem. Thereafter he did nothing before his retirement in September, 1975.

THE IMPORTANCE OF SOUTH AFRICA

UK TRADE WITH MAJOR AFRICAN NATIONS (£m)

	1970		1972		1977	
	Exports/Imports		Exports/Imports		Exports/Imports	
Total	8,063	9,052	9,746	11,155	32,951	36,475
South Africa	333	258	[illegible]	296	584	876
Nigeria	114	124	154	156	1,068	220
Kenya	53	27	56	29	119	155
Zambia	38	101	46	[illegible]	80	95
Ghana	38	39	17	33	100	127
Tanzania	20	24	22	44	72	44

Nigeria became the UK's leading export market in Africa in 1976, taking goods valued at £774m, compared with £645m shipped to South Africa.

British Government 'should have been told of changed situation'

MR. BINGHAM ends his report with a series of observations. These include:

We think it unfortunate that Mr. Walker should, as general manager in South Africa with responsibility for Mozambique, have failed between about the end of 1966 and February 1968 to lay the facts known to and suspected by him before his superiors in London and that he should have given categorical assurances which those facts did not warrant.

The Shell and BP Groups in London and HMG were as a result led to misunderstand the means by which Rhodesia obtained its oil supplies. Because of this misunderstanding both the Groups and HMG unwittingly adopted false positions at that time . . .

Given the prevailing management philosophy, the information received from local sources and the knowledge that existed in the Groups of local political attitudes in South Africa and Mozambique, we do not think the Groups are to be criticised for failing during 1966 and 1967 to send a team from London to investigate methods of Rhodesian supply directly.

When, in January 1968, suspicion deepened, such a team was sent. We are surprised that the report made by that team did not cause some dissatisfaction with the information previously supplied from South Africa, but we have not heard that it did. The reason is, we think, that the facts were not, even in February 1968, known to the Groups nearly as fully as they are now.

Accepted

It was in our view a proper course for the Groups, once apprised of the facts, to disclose them and the proposed solution to HMG and seek HMG's acceptance of that solution.

We are unsure whether the proposed solution was fully communicated in February 1968, but during the year following HMG was given sufficient information to enable a fair judgment to be made. The contrary has not been suggested to us. The proposed solution was accepted. It was thereafter reasonable for the Groups to proceed upon that basis.

The Total exchange arrangement plainly did not have the effect of denying supplies of oil products to Rhodesia. That an arrangement having this deficiency was accepted by HMG had, we think, an important consequence.

It induced among some of those most directly concerned (notably Mr. Francis and Mr. Walker) a belief that compliance with the Sanctions Orders was to be regarded as a matter of form rather than of substance, that it was the letter which mattered, not the spirit.

The failure to communicate to or within Shell Centre certain matters which, as we think, should have been communicated may be traceable to this belief.

We think it possible also that, because of their differing viewpoints and backgrounds, HMG and the Groups may have seen the Total exchange rather differently. To HMG the arrangement was acceptable because it took British oil companies out of the line of supply to Rhodesia and enabled it to be said that British oil was not reaching Rhodesia.

In the light of Britain's primary international responsibility for Rhodesia, that seemed an object worth achieving even though the arrangement would not deny oil to the illegal regime. To company representatives, familiar with product exchanges as an everyday fact of the international oil business, the exchange might, like other exchanges, have appeared to be merely an alternative means of making a supply. This approach may, we think, have coloured the thinking of some oil company employees.

When, following the Total exchange, official pressure on the Groups ceased, there was a marked reduction in the prominence given to the whole question of Rhodesian sanctions among those within the Groups who were concerned with the affairs of Southern Africa.

This had a consequence of its own in the inadequate briefing on this subject of some key executives who came fresh to the Southern African scene after 1968."

Bearing in mind the information given to HMG in February 1968 and HMG's request recorded in Sir Frank McFadzean's note of that meeting that it should be informed of any change in the situation, we think it clear that the Groups should not have allowed this subject to slip so far into the background. Those responsible for keeping HMG informed of any change in the situation could not do so without a reasonable working knowledge of what that situation was.

It was plainly the duty of Mr. Walker as general manager in South Africa, knowing as he did the outline of what transpired between HMG and the groups in early 1968, to inform Shell centre of the ending of the Total exchange and the procedures adopted thereafter. Again we are unclear why he did not do so.

Unfortunate

When Mr. Francis and Mr Sanford (both of whom had detailed knowledge of what transpired between HMG and the groups in 1968-69) learned in early 1974 of the ending of the Total exchange and of the arrangements which had followed it, their duty was in our opinion to make sure that the change in the arrangements notified to HMG was fully appreciated by the responsible members of the senior management of their respective groups.

Both Mr. Francis and Mr Sandford raised the matter with their superiors, but neither effectively communicated the important fact that a system of supply was in force which significantly departed, in the renewed involvement of Shell Mocambique, from the arrangements notified to HMG in 1968-69. This was unfortunate.

It was further, we think, the duty of Messrs. Francis and Sandford, after learning the true facts in early 1974, to take steps to satisfy themselves, directly or indirectly, that Shell Mocambique had been removed from the chain of supply to Freight Services (or, if it had not, to seek some alternative expedient).

Had the Groups in London appreciated that a change of obvious significance had occurred in the arrangements notified to HMG in 1968-1969, we think it clear that HMG should have been told and consideration given to what (if any) action should be taken to ensure that the Sanctions Orders were complied with. Their failure to tell HMG can be excused only on the basis (which we accept) of their ignorance or inadequate appreciation of the change which had occurred.

Ignorant

The criticisms which we have made have related in the main to failures to disclose, either within the Groups or by the Groups to HMG. We do not regard these failures as in any way unimportant. The Groups should have been able to base their actions and determine their conduct vis-a-vis HMG on the basis of such full and accurate information as was available.

In the context of the relationship prevailing between it and the Groups, HMG should have been able to base its policy towards the Groups and to determine its conduct internationally on a clear understanding of the salient facts so far as these were known to the Groups.

In the event both HMG and the top management of the Groups, save for limited periods (the early months of 1968, the period of two-three years after February 1968 and perhaps the period after March 1976), were ignorant of facts which should have been the subject certainly of consideration and possibly action.

This ignorance led HMG and the top management of the Groups unwittingly to make statements and give assurances which they would not have done with full knowledge of the facts.

The companies

CONSOLIDATED (The Consolidated Petroleum Supply Company)—owned in equal shares by Shell and BP—a holding company for many Shell and BP companies.

SHELL MOCAMBIQUE—a 100 per cent Consolidated company, incorporated in the UK.

SERVICO—Shell and BP Service Company Ltd.

GENTA—the Rhodesian Oil procurement agency.

SONAREP — the Sociedade Nacional de Refinacao de Petroleos, owners of the oil refinery near Lourenco Marques.

CFP—Compagnie Francaise des Petroles. Its South African subsidiary is Total South Africa.

PARRY LEON AND HAYHOE and FREIGHT SERVICES — South African companies acting as forwarding agents for GENTA.

Beauty

in Buenos Aires

Fragrance is the perfect partner of beauty. In South America, and all over the world.

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Albright & Wilson have manufacturing plants in 15 countries. In 1977 alone, overseas production resources were increased in Australia, Canada, France, Malaysia, Singapore, Sweden and the USA.

Worldwide, sales last year were £338m, of which £194m were earned overseas, including £92m exports from the UK.

Albright & Wilson Ltd. 1 Knightsbridge Green, London SW1X 7QD. Telephone 01-589 6393

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENERGY

Extracts the heat from waste air

KANTHERM T-S is a new heat-saving ventilation unit from Bulten-Kanthal AB, Hallstahammar, Sweden. The greater part of the heat content of the outlet air it handles can be recovered and transferred to the fresh inlet air, which is important since ventilation losses represent up to 40-50 per cent of the total heat requirement of a building.

Saving of heating costs by installation of such a unit will be considerable.

Standard units up to 2,000 cubic metres per hour are built around a central power section which consists of two fans and a motor-operated swivel shutter, two heat-accumulating units containing corrugated aluminium sheeting and two 90-degree bend ducts.

The swivel shutter guides the in- and out-going air flow through one of the two laminated sheeting packs at one-minute intervals. In this way, outgoing air would heat one pack while incoming air was heating up from the other.

The central unit includes a switching device operated by an electric motor. This is designed for continuous operation and changes the position of the shutter to guide the air streams. The heat accumulating units are built up from packs of corrugated aluminium sheeting easily stripped for cleaning.

Fans are of radial or axial type, depending on the pressure drop in the ducts connected to the unit. The pressure drop in the unit itself is about 5 mm water column.

The heat recovery unit can be assembled in several different ways to suit building layout. However, for sizes from 4,000 to 10,000 cubic metres/hour, wall or roof mounting is required.

Extended measurements during spring this year have shown that the efficiency of a Kantherm T-S 300 varies between 85 and 95 per cent on a temperature difference basis and between 80 and 88 per cent taking into account air humidity.

A great advantage of the Kantherm units is that there has been no problem at all with water condensation and freezing, even at outdoor temperatures down to −30 degrees C which means that there is no need for energy-consuming heating elements to prevent icing, as can be the case with heat-pumps.

Solar heat sales drive

IN SPITE of a poor summer for the UK domestic solar equipment industry—another company is considering this market. Stiebel Eltron, believed to be the largest European manufacturer in the field, is holding talks with UK installers.

The UK subsidiary of Stiebel Eltron is expecting the equipment to be highly competitive in the UK, due to mass production. The group's Austrian plant, devoted solely to solar panel production with associated controls has a yearly production capacity of 50,000 solar collectors of two square metres each. This plant—at Spital Drau—was opened in the spring, after extensive product trials in West Germany. The solar storage tanks are being made at another plant in West Germany.

The company's solar system is intended only for the domestic market—for heating the domestic hot water supply and for swimming pools. The system works on a closed circuit, using a heat exchanger and is used all the year round.

If the company introduces the system to the UK market it is likely to appoint a small number of trained, independent installers—and to support the project with promotional effort.

Stiebel Eltron, 25-26, Lyvenden Road, Brackmills, Northampton. Northampton (0604) 66421.

● PROCESSING

Tanks uniformly heated

FOR PROTECTING water tanks from frost, and to maintain a constant temperature within hoppers, storage tanks and process vessels, there is a heater panel which is designed to dissipate uniform low density heat.

Uniform heating is said to be absolutely essential for temperature-sensitive materials which are used in the food, confectionery, chemicals and process industries, and typical applications for the panel include the heating of glucose, molasses, beer, caustic soda, powders, carbon black, etc.

The VFP panel can withstand operating temperatures up to 100 degrees C and is also suitable for viscous materials and hygroscopic powders which must be maintained at elevated temperatures to prevent crystallisation and the build-up of condensation.

Further details are available from Hotfoil, Heath Mill Road, Wombourne, Wolverhampton WV5 8AG (Wombourne 2541).

Being demonstrated today in London is this cable-avoiding tool (CAT) which could eliminate damage to underground cables now estimated to be costing the community at least 53m a year in some 20,000 incidents, with attendant disruption of communications, etc., that is hard to value. Apart from this, CAT equipment gives a much greater degree of protection to workers who have to dig the holes in city streets. The device is a proximity detector which emits a characteristic growl when the tip is moved across the path of a buried cable carrying power or telephone lines. It has two search modes and can find both live and inert cables. Electrolocation, 129, South Liberty Lane, Bristol BS3 2SZ. 0272 634333.

● MAINTENANCE

Pig for all pipelines

VERY OFTEN, space in a pipeline does not allow the installation of conventional pig traps at a later date without considerable disturbance on site. But a pipeline in Algeria is operating a pigging system which appears to offer an economical solution to the problem.

This consists of an in-line pig trap that enables a pig or sphere to be passed along the line and through a pumping station without the time and labour otherwise involved on every pig in transit in transferring the pig from trap to trap.

It also allows pigs to be halted at or launched from the station, and the same type of pig trap can be used at or near the pipeline extremities to provide launching or receiving function necessary to operate "intelligent" pigs (or ordinary pigs) where it is impracticable to install conventional traps.

Should the terminal be congested, an in-line trap can be sited 50 to 100 metres along the line where access may be easier. It does have to be sited at the station, the space absorbed is much less than that normally occupied by a conventional trap.

Suitable for installation in existing as well as new lines, the Cavalier trap can be built for pipe diametres from 16 inch upwards, and for all usual pipeline pressures. Three Class 400 traps have been integrated into a 28 inch diameter line at the Algerian site.

The system is designed and built by the General Descaling Company, Retford Road, Worksop, Notts. S80 2PY (Worksop 3211/5).

● INSTRUMENTS

Ship alarm monitor

ISIS 50 is a new, small alarm monitor from Decca. The system comprises a control unit and any number of alarm display units, each one covering five channels. Connection may be made to any potential free contact with indication, where required, being given of "first-up" alarm. Time delays are available on each channel to suit a particular application.

The control unit contains lamp test, function test, alarm accept and silence buttons together with a system low-voltage alarm indication. Terminals are available to permit the use of remotely mounted push buttons where applicable. An audible alarm is contained within the control unit, but drive signals are provided to enable the audible alarm to be supplemented by klaxons or flashing beacons. Two power supply inputs are provided, independently monitored, and a function-test button will initiate a test of the complete system including electronic circuiting lamps, flash generator and time delays.

Additional facilities such as intrinsically safe operation, group alarms, inhibit control units; extension and cabin alarm units are also available.

The group alarm display provides a means of showing condensed alarm information at a remote location. Any number of units may be fitted. For use on the bridge, an optional group alarm control may be fitted to provide a local audible alarm, low-voltage alarm, test and dimming facilities. A maximum of 30 alarm groups can be covered.

All equipment has been designed to meet the rules and regulations of all major classification societies together with other bodies such as IEC and BASEEFA.

Decca Radar, 9 Albert Embankment, London SE1 7SW. 01-735 8111.

● GRAPHICS

Drawing at speed

CALCOMP is probably best known for its drum and flat bed plotters of which some 3,000 have been sold in Europe (9,000 world wide) and in more recent years for its memory products where the world sales figures have reached 65,000 units in floppy disc and 50,000 in large fixed disc drives.

Bringing these products together, and amalgamating some new software ideas that will be available as a result of an agreement just announced with Insac, the NEB-backed British software venture Calcomp is now seeking new penetration of the interactive graphics market with the unveiling of IGS 500, a sophisticated electronic drawing system based on a minicomputer.

No mainframe assistance is needed and the stand-alone equipment is aimed at engineering industries previously put off by the difficulty of operation of some mainframe-based systems and able to earmark £50,000 and upwards for such facilities.

Calcomp has applied its new minicomputer to the system; the design was acquired from SEMS in France last year and is now made under licence in the U.S.

The system thus consists of mini with 64k words of memory, 50 Megabyte disc drive, operator console, software and user workstation with 64k bytes of its own memory—the "picture processor"—separate raster-scanned alphanumeric and graphics crt displays, full ASCII keyboard, 11 by 11 in tablet and joystick picture controller.

Up to four workstations and four digitisers can be supported and the use of a picture processor means that the workstation user can perform a wide range of display and control functions immediately without affecting other users.

Raw drawing data is first entered using a tablet and stylus: the stored data can then be accessed by the workstation for display and manipulation. Using the joystick the picture can be moved rapidly from left to right or up and down and can be magnified or reduced at will using a rotary control on top of the stick.

Use of the tablet/stylus and stored drawing features then enables the user to construct on the crt any arrangement needed with ability to delete and move at will. The changes appear immediately on the screen and are sent to the data base to update the drawing file.

The discs can store this and many other drawings at the same time and they can be accurately drawn on the associated flat bed plotter as they are needed.

No difficult instructions are involved in using the equipment, the user being guided all the time by the second crt display. Learning time is put by the company at three weeks.

Details from the company at Cory House, The Ring, Bracknell, Berkshire, RG12 1ER (0344 50211).

● COMPONENTS

Mullard's liquid crystals

AFTER A long-term development programme, Mullard has announced availability at the turn of the year of production quantities of two liquid crystal displays.

Technology selected is field effect twisted nematic, in which the company has incorporated the latest developments. In particular, crystal materials have been developed to provide high standards of chemical stability and special precautions have been taken to eliminate chemical reaction between the different materials used. Also, to ensure satisfactory viewing, the new units have incorporated the results of considerable research into viewing angles, colour balance and the brightness ratio of character to background areas.

The devices are intended for time displays and have four digits with a colon between the second and third; characters are 12 mm high and formed from seven segments.

One of the LCDs, the LTC001R, is designed for use in the reflective mode and the other, the LTC001T, is for transmissive use with a light source behind the display.

Layers of construction of the device, from front to back, are polariser plate, glass plate with character electrode pattern, liquid crystal material, back electrode and, in the case of the reflective device, a reflective surface.

In the unenergised state, the 90 degree twist in the crystals cancels out the effect of the polarisers so that light is able to pass through the sandwich. But application of an electric field (a typical operating voltage is 30 V at 32 to 100 Hz) between selected electrodes on the front glass plate and the back electrode "untwists" the molecular helix and allows the polarisers to block the light and so darken the selected segment areas.

More from Mullard House, Torrington Place, London WC1E 7HD (01-580 6633).

● ENVIRONMENT

Controls pollution

DRY SMOKE and fumes, sometimes found mixed with oil mist in certain wet grinding operations, create a common pollution problem in many factories, but they can now be filtered out, says the Filtermist Company, Faraday Drive, Stourbridge Road, Bridgnorth, Salop WV15 5BA (074-62 5361).

The company has introduced the After Filter, for use in conjunction with its F28, F18 and F12 vertical Filtermist units, which is highly efficient in filtering out such fumes.

The unit is 99.95 per cent efficient, says the company against particles of between .01 and 1.3 microns (when tested in accordance with BS 3928) and able to remove pollutants which cannot be turned into liquid form as can oil mist.

● HANDLING

Straps loads in seconds

OFFERING ADDED security for a wide variety of unit and pallet loads is an automatic friction weld strapping tool, introduced by P. P. Payne, Haydn Road, Nottingham (0602-607221).

High seal efficiency, without using metal seals, and increased tensioning power are incorporated in the design of the tool which can be used in any position—on horizontal, vertical or flat surfaces.

Easy handling and smooth performance are promised to the operator who inserts a strap, pushes a lever and completes the automatic strapping operation in seconds.

Equipped with an electrical, single-phase motor (220V or 110V) which can be plugged into any power supply, the tool is made of cast aluminium with steel side plates. It is 245 mm long, 96 mm wide and 195 mm high and weighs 3.7 kilos.

● COMPUTING

Control of the legal process

SOLACS—Solicitors' Accounting System—has been developed by Burroughs in conjunction with a Leeds firm of solicitors which uses a Burroughs in-house computer, and Law Data Systems, a software house specialising in computer applications for solicitors.

It is intended to run on Burroughs small to medium-sized computer systems in the B 80, B 800 and B 1800 ranges. Thus it would be possible for a small practice to install SOLACS with a computer no larger than a desk, whilst the larger practices could use exactly the same system on a much more powerful computer.

Development of the system started over a year ago and it is now completing its final test-site phase in two solicitors' installations in Surrey and Suffolk.

It is an accounting system handling time-recording, financial accounting and general ledger with comprehensive management reports which will provide significant benefits to the legal profession.

From the basic entry of time-records from daily or weekly time sheets, all time transactions are stored by matter (the term used by solicitors to describe any client assignment) on an open-time basis. The system caters for three automatic charge rates and one cost rate per fee-earner. Detailed reports on fee-earner performance highlight aspects such as the ratio of productive to non-productive work, number of matters being processed, the forward work-load for each fee-earner, total amount of unbilled disbursements held relating to each fee-earner, and the amount outstanding on bills delivered.

Burroughs Machines, Heathrow House, Bath Road, Hounslow, Middlesex. 01-897 2751.

Personal machine

HEIGHTENED performance—plus power usually embodied in a minicomputer—are offered in a desktop computer and integrated package system from Hewlett Packard, King Street Lane, Winnersh, Wokingham, Berkshire RG11 5AR (Wokingham 784774).

The desktop unit is known as System 35 and it is optimised, generally, for one user at a time. HP says it has the largest memory for its class and an assembly language capability to improve performance by two to 100 times, according to application.

The basic machine has 64k bytes of read-write memory (extendable to 256k bytes) and has been designed to meet the increasing demand for stand-alone computers that can be used both by the scientific and engineering sectors.

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FINANCIAL TIMES SURVEY
Wednesday September 20 1978

Italy's Industrial Triangle

The triangle formed by Milan, Turin and Genoa is the home of the greater part of Italy's economic activity. It produces most of the country's exports and more than half of its industrial output—and has also seen much political violence in the recent past. It is there that the Government's recovery plan will be put to the test in this autumn's wage negotiations.

Where the money is made

By Paul Betts

LOOKING BACK, many northerners increasingly feel that when Garibaldi was unifying Italy he should perhaps have headed north to Switzerland and not south. Northerners in Italy regard themselves essentially European and mostly think that way. They view the South almost as an unwanted appendage, holding back the country's economic and social development along European lines. They see it threatening to pull Italy further into the Mediterranean. They view the South's hold on politics and the hugely incompetent public administration in Rome as incompatible with the needs of a modern industrialised economy.

It is not altogether surprising that the north of Italy should feel that way. It has always boasted a natural superiority over the other half of the country. Piedmont was, of course, the cradle of Italian unity. The presence of Fiat, Italy's largest private enterprise has transformed Turin, the old capital of the Kingdom of Savoy, into the new capital of the country's engineering industry. For its part, Lombardy has traditionally been the heart of the Italian economy, and its capital, Milan, is not only the country's banking centre but in many respects a more important modern cultural centre than Rome. And Liguria, with its port of Genoa, which completes the three points of Italy's so-called industrial triangle, has acted as the bridge between the intricate network of large, medium and small industries in the area and the outside world.

But this area, with its 15m inhabitants accounting for about 30 per cent of the country's population, steeped essentially in a European rather than a Mediterranean tradition, is much more than Italy's industrial heartland, contributing to well over half the country's industrial output and the majority of its exports. The fertile plains of the River Po dissect it in two. And while industry and agriculture do not always co-exist happily, the Po Valley nonetheless accounts for nearly 15 per cent of Italy's agricultural output. Farming is on the whole efficient and mechanised, and the mountain regions of the triangle produce some of Italy's best wines.

Indeed agriculture was perhaps the main stimulus to the industrialisation of the area. The intricate irrigation system of the Po Valley is one of the most extensive in the world. The fertile plain accounts for as much as 90 per cent of the region's agricultural production, which consists principally of forage crops, dairy cow breeding and pig farming on an intensive scale. Some 70 per cent of agricultural production is accounted for by products of animal origin, while about 30 per cent is made up by cereals, including rice, cultivated on a large scale. However, while encouraging mechanisation and modern farming techniques, industry has also undermined the agriculture of the area. The Po Valley suffers increasingly from industrial pollution. Flooding occurs regularly because of inadequate protection. Random deforestation inevitably provokes severe damage to agriculture when it rains. Farm labour has become scarce as it is continually absorbed by the cities.

Driving

Unemployment in the area is well below the national average. Incomes are well above the average. With its vast array of large, medium and small industries, the triangle has acted as a driving force in Italy's rapid industrialisation during the last 30 years. It was instrumental in creating the so-called economic miracle or as the Italians call them "the boom years of the 1960s." In so doing, it served as a magnet for the unemployed from the depressed South.

In many respects, the triangle has acted as a barometer of social, economic and political change in modern Italy. Having spearheaded the economic miracle, the great industrial concentration of the North was the breeding ground for the growth of the labour movement. Politically too, the North was among the first areas to see the evolution of Italy's left-wing forces. The Christian Democrats, the largest political force in the country as a whole, are a minority in these northern regions, where the Communists and the Socialists hold sway. The Communists, on the surface at least, have demonstrated a pragmatic rationale by firmly defending private enterprise.

In a similar vein many private entrepreneurs have opened a growing dialogue with the Communists, who, they feel, could help moderate the trade union movement and indeed bring some improved efficiency to the country's bureaucratic machine. In the case of the Christian Democrats, the industrial North has traditionally reflected the more liberal wing of the long-ruling party.

In recent months, however, there have been a number of significant political developments in the North, especially among the Christian Democrats. A new breed of young northern Christian Democrat deputies has emerged, who are increasingly challenging the current governing alliance in which the Communists are supporting directly (for the first time in some 30 years) a Christian Democrat minority Government. These deputies have sought to alter the conventional image of the ruling party. They are attempting to rejuvenate it by projecting the party not only as a democratic alternative to communism, but indeed as a constructive vehicle capable of providing the sort of efficient political environment necessary for stable economic development.

For their part, the Communists have noticeably hardened their attitude towards the Christian Democrats. In large measure this follows recent local election setbacks and growing concern among the party's rank and file over the current alliance with the Christian Democrats. But like the developments inside the ruling party, it also reflects the general state of malaise that the present uncertain political and economic climate has inflicted upon the country.

In recent weeks, too, a growing crisis of identity has emerged within the left-wing parties. In regional terms it is reflected in the strains developing inside the left-wing coalitions of local administrations. The Socialist Party, Italy's third political force, is attempting to express a greater degree of autonomy from the much larger and powerful Communist Party. At present the debate within the Left has been conducted on tortuous questions of ideology. The Socialists in particular have questioned the Communists' position of embracing a pluralist policy but at the same time not breaking away unambiguously from the old doctrines of Lenin.

But behind the ideological controversy there is much more. In the wake of electoral gains at local elections, the Socialists appear to want to take advantage of the current popular tide in their favour. The seeds of this recovery were sown earlier this year in Turin at the Socialist National Congress, when the party's leader, Sig Bettino Craxi, succeeded in consolidating his position at the top of the party.

The recession, in large measure, has fuelled the developing strains in the political life not only of the country as a whole but also inside the triangle. The Christian Democrat Government of Sig. Giulio Andreotti may on the surface enjoy the wide support of the other parties, but its survival ultimately depends on its ability to steer the country out of its present crisis. If the problems of the depressed South have been exacerbated by the recession, the industrial triangle has not been spared.

Pronounced

The concentration of industry in the North has made the recession all the more pronounced. The crisis of giant groups like the Milan chemicals conglomerate, Montedison, which is estimated to lose some L400bn this year, or of the state car manufacturing concern, Alfa Romeo, have now reached breaking point. And the crisis of the large groups has inevitably worked itself down to the smaller and medium sized enterprises which effectively form the industrial tissue of the North. These small industries have nonetheless shown a remarkable capacity to keep their heads above water despite the country's general economic difficulties.

The Government is now attempting to win all-party agreement and the consensus of the trade union movement for a medium-term economic recovery programme involving the reduction of the ever-expanding public sector borrowing requirement and the rising labour costs. The programme, if accepted, will according to the Government enable a higher and stable level of growth to increase employment in coming years.

But a key feature of the programme will be the Government's ability to persuade the trade unions to moderate future wage claims during the course of a series of renewals of major national three-year contracts. The battleground on wages will clearly be the North. While the union leadership has apparently been converted to the need of adopting more realistic policies, no such indications have so far come from the shop floor. In particular, the key test of the next few weeks will come from the Engineering and Metalworkers Union, whose contract has traditionally set the pattern for wages.

The next weeks are likely to be crucial for Italy and the North. In many respects, the North may appear to have been so far spared from the more visible and dramatic effects of the recession that have afflicted the South. But the underlying theme of political violence and the rise in the ordinary crime rate in Italian everyday life, in the North more than anywhere else in the country, remains very much a reality. It has altered life in the triangle's main cities such as Milan and Turin, which now seem to become deserted after dark.

In part, the vast movement of people from the South has brought with it huge social problems, not only reflected in the rising crime figures but also providing a fertile ground for political terrorism. After the "hot autumn" of 1969, which erupted in Milan and soon spread throughout the country, a series of extremist movements both on the Right and on the Left started to proliferate in Italy. In December 1969, a major terrorist act took place in Milan when 14 people were killed and several others injured in the bombing of the Banca dell'Agricolturas branch in Piazza Fontana in the city centre.

In its wake, Milan, Genoa and Turin have become among the main targets of terrorist activity. The so-called ultra-Left Red Brigades movement has flourished in the underwood of discontent of factory workers and students in the major cities. Industrialists, magistrates, journalists, police officers and other public officials have increasingly become victims of these extremist movements. This year, the Red Brigades, who claimed responsibility for the assassination of Sig. Aldo Moro, the former Christian Democrat Prime Minister, launched a major intimidation campaign in Turin to block the trial of their so-called "historical leaders."

Against this general background, however, there is now some qualified optimism that in the medium term the general economic and social situation could improve if agreement is finally reached over the Government's proposed three-year recovery plan. Certainly, despite the uncertainties existing in the relationships between the various political parties, Italy is at the moment enjoying a degree of political stability, for the first time in a decade. But the North is nonetheless wary. It has a gut feeling that at the end of the day it will once again be called to bail out the South.

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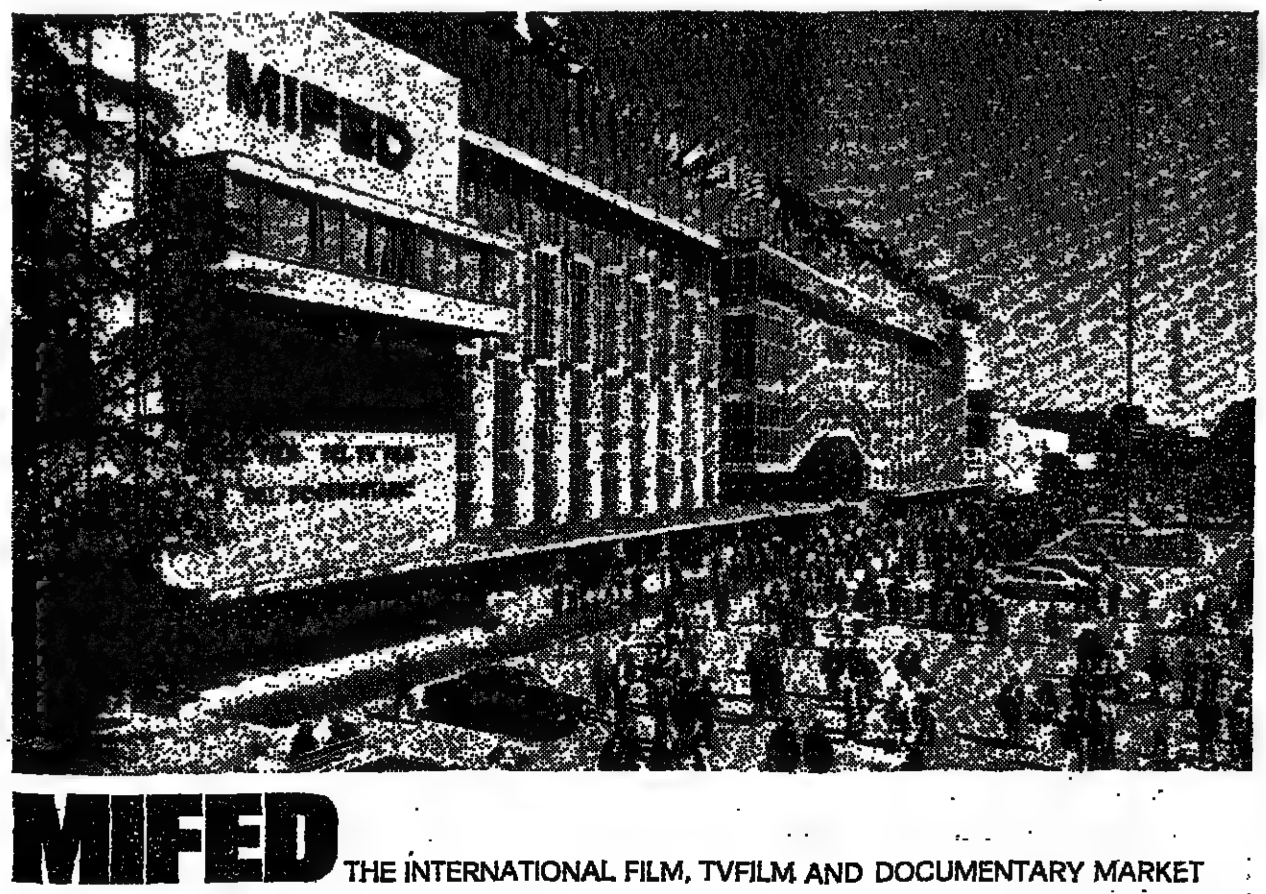

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BRESCIA

—A Region of Investment Opportunities

The Province of Brescia is situated in the centre of Northern Italy, in the eastern part of Lombardy bordering the Venetian province. During its long history it has been influenced partly by Milan and partly by Venice, as can be seen from the architecture of many of its buildings and famous palaces. With industrialisation in Italy, which started at the end of the last century and continued up to the present, the province of Brescia has developed independently from the Milanese metropolitan area, favoured by its geographical situation and abundance of water energy, becoming an independent industrial centre.

The capital city Brescia lies in an area with three main characteristics: the mountain valleys stretching deep into the Alps: foothills surrounding the lakes of Garda and Iseo; and the plain which is part of the fertile Po delta. Covering 4.777 sq. km. and with more than one million inhabitants, the province ranks 19th in area among the Italian provinces and 10th in inhabitants.

By the yardstick of added value, Brescia rates seventh among Italian provinces, or fifth if the industrial sector alone is counted. The reason is the wide diversity of industrial development in the province. All branches of manufacture are in fact represented, with the exception of tobacco industries, and with the main emphasis on mechanical, metallurgical and textile industries.

There are three lakes in the area: Garda, Iseo and Idro. Garda is the biggest lake in Italy, immortalised by the Latin poet Catullus, remembered by Dante in the "Divine Comedy" and beloved by Goethe; the climate is exceptionally mild, particularly if its latitude is taken into consideration, and an excellent olive oil is produced. All year round, the shores of these lakes are visited by thousands of tourists from Northern Europe, and many visitors come to the thermal spring resorts like Sirmione, Darfo-Boario and Vallio Terme and Angolo Terme.

Brescia has excellent railway connections on the Turin-Milan-Venice line and also towards the South for the centre of Italy and the Tyrrhenian ports. As an important motor-way crossroads it has convenient connections: to Milan-Turin or to Venice; or towards the sea, via Cremona-Piacenza-Genoa and to the North of Europe via the Brenner highway.

Owing to the abundant water-supply, together with a few other provinces of Northern Italy, Brescia has amply contributed to the development of hydroelectric energy by the construction of large dams in its valleys at the end of the last century and in the first half of the present one.

The capital developed gradually after the war and has grown dramatically in the last ten years: 127,000 inhabitants at the beginning of the fifties; 167,000 at the end of 1961; 205,000 inhabitants in 1971 and 215,000 in 1977. In the years 1950 to 1960 the industrial areas of Brescia attracted many agricultural workers. The industrial equipment is mainly new and advanced: more than half the companies are post-1960. There is a healthy mixture of big companies and medium-sized and small firms. All this provides Brescian industry with a certain flexibility and adaptability which have helped to surmount Italy's recurrent economic crises with less dramatic results than in other provinces.

Employment in manufacturing is about 180,000, and the value of export production amounted to about Lit.820,000m. in 1977 (2.2% of total Italian exports). These exports are directed mostly towards the countries of the European Economic Community and less towards the rest of Europe and the countries of Eastern Europe, USA and North Africa. The most important sector, is mechanical industry, mainly cars, buses, electrical motors, pipelines, machine tools, machines and equipment for the working of metals and plastic materials, agricultural machinery and all branches of the textile industry, the working of bronze and brassware for the production of taps and fittings, handles and various mechanical parts. The area is well-known for the manufacture of copper products for use in the electrical industry and also of heat engineering equipment. There is considerable production of high-quality stainless steel cutlery and household articles as well as pewterware. Brescia is famous for production of firearms where its reputation was established in the XV and XVI centuries.

Its shotguns are not only valued for their precision, quality and accuracy, but also for the elaborate chasing which makes them collectors' items. Such is the demand, that Brescia has now even started to produce replicas of its own antiques. At the height of the world crisis Brescia's steel industry could actually claim to have invented a form of reinforcing rod which is noted for its fluted surface, and widely used in the construction industry. Iron working in Brescia had ancient origins but declined after the introduction of smelting furnaces. Brescians started to produce rods with small equipment from wartime scrap. Companies mushroomed to satisfy steadily increasing domestic and international demand, ploughing back their profits. Very soon they reached quite technologically advanced and efficient levels in die-casting and rolling. Steel production in the province in 1976 was about 3.8-4 million tons while the rolled products increased to approximately 4.5 million tons.

If this represents the most important manufacturing activity in Brescia we must not forget the textile industry's important role in the production of yarn as well as ready-to-wear goods.

The footwear industry has recently started but has succeeded in a relatively short time in reaching a respectable position both in domestic and international markets. The timber industry also has an important place in making furniture, fittings and prefabricated houses. Quarries produce marble including the famous Botticino, granite, building stones and other aggregates. The countryside traditionally raises cattle, pigs and poultry, for meat and eggs. In spite of the emigration of farm workers, the agricultural economy is prosperous, with excellent local cheeses.

The hillside vineyards produce excellent wines which are recognised as appellation contrôlée products and appreciated by connoisseurs.

The regional authorities have recently designated certain development areas in order to obtain a better balance of heavy and light industrial production throughout the province. They are fortunate in being able to draw on a reservoir of skilled and diversified labour and of professional people.

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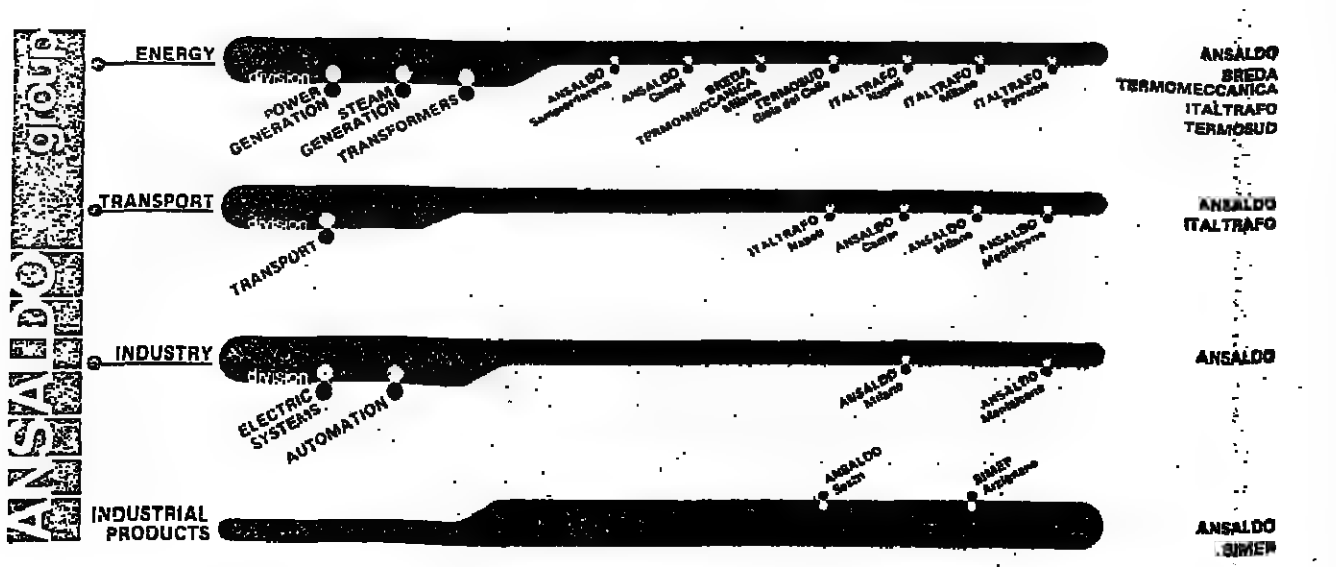

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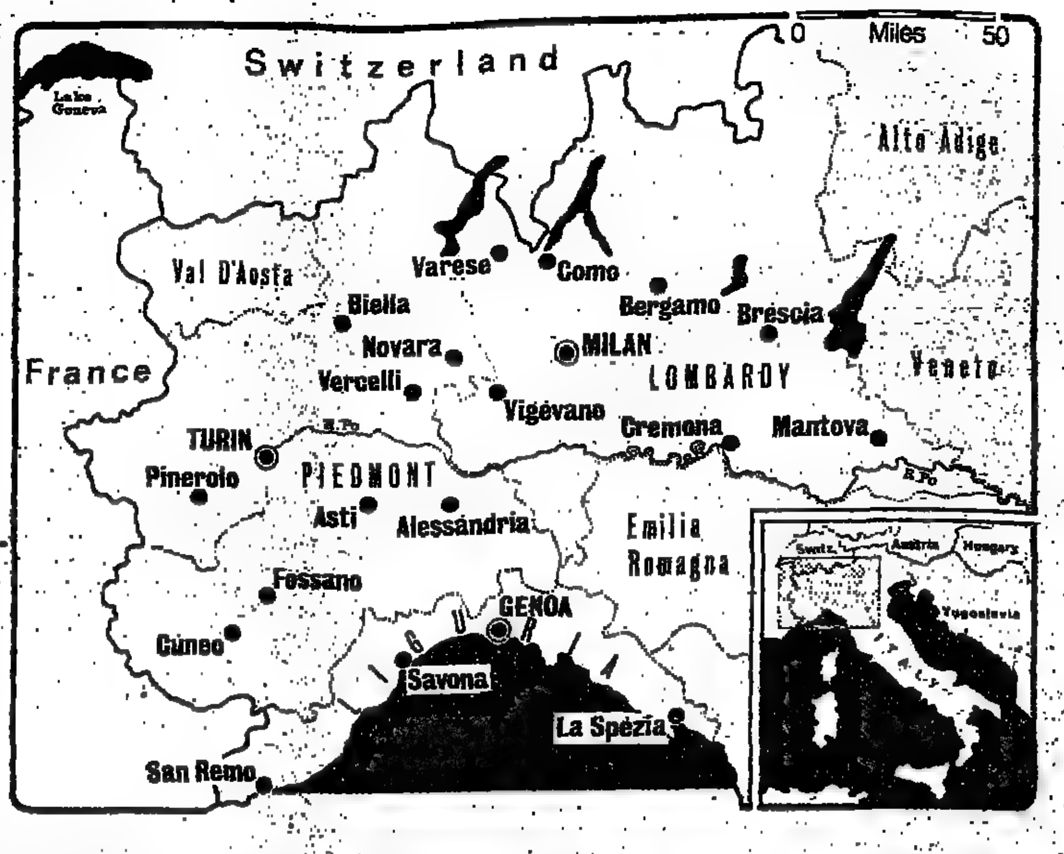
ITALY'S INDUSTRIAL TRIANGLE II

Economic climate becomes brighter

NORTHERN Italians — especially industrialists—have a habit of dismissing Rome and the economically-depressed southern part of the country with a condescending aside — "Those who can, do; those who cannot, preach or become politicians." Of course, it is not altogether original, but it does indicate something of the persecution complex common to Italy's industrial triangle, a deep-seated feeling that the entrepreneurs of the North just about keep the country going, despite the worst intentions of the Southerners and, viewed from Milan, Turin or Genoa, that includes the political and the bureaucratic capital of Rome itself. It is not wholly a delusion.



The fact is that the economy of Italy is very largely that of the region analysed in this survey. True, economic decisions, in the sense of national planning — or at least what purports to be such in Italy—are patched together mainly in Rome by the so-called social forces—the politicians of "all" parties (the qualification is important right now, given the nature of the present governing alliance, which is not a formal coalition but not too far short of it), the employer organisations, the highly-politicised trade unions, and the regional authorities.

But the industrial clout is here in the North, and this is where the money is made. In Rome it is spent, predominantly in massive subsidies to the South. Northern entrepreneurs react not so much with resentment as with critical acceptance, and one wonders what levity would be left to them if that standard conversational aside ("You know it is all the fault of those politicians in Rome") was removed. What would set apart each working day (weekends for industrialists are for the lakes or the mountains, the so-called "summer houses" which have an all-year round functionality) if they had not this particular aspect to talk about, to criticise. Otherwise, it would be the dull, but important, task of making money and, at this, businessmen in Italy's northern region are very good.

Better

They will seldom admit to it, least of all to "outsiders" (a euphemism for any place much further south than Florence). And sometimes, too, not even to their own outside accountants. But their mill manages to grind its own grist and, by general consensus, "1977 was a good year." The prospects for 1978 appear to be even better, although of course there are exceptions, not least in the massive chemicals companies and in food processing. But even here there is a feeling that the politicians down in Rome are finally awakening, albeit under trade union pressure born of some concern for rising unemployment, and are planning—or certainly talking—about "reconstruction and reconversion." Another euphemism, this means, in its Italian context, further state intervention to save some lame ducks, and political pressure on the banking system to form consortia to help in legislation now before Parliament—and including some useful tax rebates to banks willing to fund outstanding credits at preferential interest rates.

But these problem companies—the petrochemicals group, Montedison, is the most notorious in the region, and by no means the only one—are the stuff of almost daily newspaper headlines. And of course they are politically sensitive, since they employ vast numbers and traditionally have been at the heart of the political patronage system. But they do not represent the core of the northern industrial triangle. This is to be found in the literally thousands of privately-owned companies which operate, through good year and bad, quietly if with complaint, but mostly with profit.

Inevitably, being downstream, they suffer somewhat from the reversals at the mouth, from the controversial industrial giants, who remain the problem cases overburdened with short-term debt and over-exposed to international market trends, but the "small fry" retain flexibility and their managers are quick on their entrepreneurial feet. To most of them, the medium-term is next year, the long-term is for the "planners" down in Rome. Product lines are geared to to-day's market. To-morrow's trends, too, can be met by some quick re-tooling and a degree of labour mobility which is rarely in the small print of the centrally-negotiated labour contracts, but which local trade union officials can easily identify as a "must."

This is the labour-management technique which is at the heart of the success of the northern industrial belt, even if both sides have a vested interest in keeping it quiet. But what they cannot do is isolate themselves totally from the national scene, for they are very much a part of it. Right now, in the view of most northern entrepreneurs, the Government is putting an excessive emphasis on talk and promise, but little on anything immediately concrete. There is also a distinct feeling that the state sector, not private enterprise, may get too much emphasis—and too much subsidised money—in any recovery programme. Viewed from the triangle, there is far too much talk and too little action, and the fear is that seat-of-the-pants management, adequate and generally profitable to date, may not be enough for the future if the industrial North is not to be finally pulled down into the Mediterranean.

Yet there is just the beginning of a consensus that the politicians in Rome are getting the message. At the Treasury, the Minister, Sig. Filippo Maria Pandolfi, is unveiling his three-year (1979-81) national economic plan, finally promising that Italy can get on to some sort of fairly even annual growth pattern, although the projected 5 per cent rate appears somewhat over-ambitious.

Even the 3 per cent that is more likely would be no mean achievement, but against the slack of around 7 per cent unemployment—the true figure is undoubtedly higher—it is not going to do great things for the country's existing social strains, not least because seven in every 10 out of work are under 30 years of age.

Unemployment is certainly lower in the industrial North. Indeed, some worker categories are in short supply, but then the area is the very core of the country's profitable economic activity, where even now the depression suggested in national statistics—a year-on-year decline in industrial output of almost 2½ per cent on the basis of first half comparisons—is not immediately visible. Viewing industrial activity in the Milan-Turin-Genoa region, one can, however, readily understand another set of national statistics which show that Italian exports in the first six months of this year have advanced in value by more than 14 per cent, against a rise in imports of only 3 per cent. Given a rough estimate of little more than 5 per cent in the price of both imports and exports, the Italian performance is impressive against existing world trends, and the export impetus is predominantly in this region.

Again, it should be remembered that the underlying strength of the area is that this achievement is not the result of a few big groups, but the imaginative work and enterprise of thousands of small companies where the boss is close to the shop floor and the export manager is in almost daily contact with the production line. There is also, for example, the flexibility which can accommodate the temporary return to a plant of a couple of dozen former (and now married) operatives in order to meet a particular delivery schedule.

Rivalries

The rivalries are between areas—it is not uncommon for people from Genoa working in, say, Milan, to return "home" at weekends—not whole regions within the country. It comes back to the same old Italian thing that the northerners make the money while the Romans spend it—mainly on the Southerners! Unquestionably, Italy would indeed be a much poorer country if the wealth was not made in the North, and if the national economic scene today looks relatively healthy, the North deserves much of the credit.

And the scene nationally is brightening. The crude trade deficit for the first half of 1978 has been cut from $2.6bn to a mere $200m, while earnings on the invisible account, even after a major advance last year, were more than $1bn compared with just over $700m in the January-June period of 1977. The first seven months of this year have thrown up an overall payments surplus of $4.2bn against a comparable deficit last time of $560m. The inflation rate is dropping towards 11 per cent. The Bank of Italy's available reserves are almost embarrassingly full, facilitating early repayments of outstanding loans to both the West German Bundesbank and the European Economic Community. The Italian Lira so far this year has gained some 6 per cent against the U.S. dollar.

Much of this improvement results, of course, from the application of tough monetary policy, and at the cost of virtual industrial stagnation, but northern industrialists, too deserve some credit for their ability to forge ahead, whatever the odds, for their determination to meet and overcome not just their external competitors, but also the pressures to the South. To many of them, this "threat from the South" is taking on paranoid proportions, but maybe it is also the fuel which keeps them going. It is also at the bottom of the concern, whatever their current successes, which prompts most of them to ask almost rhetorically whether "another Italian crisis is not around the corner." In this, too, at least they continue to look forward.

Dominick J. Coyle

Bourse begins to recover

AT LONG LAST, the Milan bourse is in the throes of a recovery. Prices have jumped by 25 per cent since the start of this year, and stockbrokers are confidently forecasting a further strong increase. "All the signs are for the market to go on up, and only up. It could go up a long way," one leading broker confidently forecasts. After a slump which had lasted for around three years, the sudden revival in trading has been a life-saver in a market where business had dwindled to extremely low levels.

The past few weeks have been full of excitement for the stock exchange. First of all came the announcement of plans for Bastogi, Italy's oldest holding company, to incorporate its more profitable property subsidiary Beni Stabili. News of these plans, which formed part of a financial renaissance project for Bastogi, set off a wave of speculation, pushing both shares up, and with them the rest of the market.

Then came reports of potential Arab investment in Montedison, Italy's financially troubled chemicals giant, which has long been one of the bourse's biggest problem-children. The identity of the reported Arab investors remains shrouded in mystery. But the chemical firm's shares have shot up to well over their par value for the first time since the spring when Montedison devalued its capital to cover losses.

Almost simultaneously came the news of the astonishing success of Olivetti's L40bn (around £25m) rights issue, its first for 17 years and the first major rights issue in recent years to have met an unqualified success on the Italian market. So strong was the public response that a banking consortium formed to back the issue did not need to step in, and several major corporate shareholders of Olivetti were also left with no shares to subscribe to.

Increase

A few days later, Fiat announced a spectacular increase in the breakdown value of its share, brought to light in connection with the detachment of its car manufacturing activities into a separate operating company. The new estimated breakdown value of the Fiat share, as of the start of next year, is L9,479, nearly double the breakdown value at the start of 1978, four times current bourse prices, and well above the L6,000 a share paid by Libya for a stake in the company less than two years ago.

Elsewhere in Italian industry, new hope has been kindled by a series of agreements among banks for the financial salvage of crisis-stricken companies like Sir and Liquichimica. Although the problems of such firms are by no means over, at least there is the feeling that something is at last being done about them.

Italy appears finally to have digested the industrial and financial crisis provoked by the 1973 oil price increase, and Italian companies are gradually emerging from their financial difficulties. This is demonstrated by an increase in the number of companies paying dividends in the latest financial year. Last year, out of 1[illegible] quoted companies, 82 paid dividends for a total of L231b[illegible]. This year, with a third of company results still awaited, [illegible] companies have already announced dividend payments for L258bn, with more expected.

One major factor in the market's newly recovered confidence is the relative stabilisation of Italy's hitherto unsettled political situation, which came with the entry of the Communist Party into the Government parliamentary majority earlier this year. The Communists are still a long way from actual government, but their behaviour is now a far cry from fire-breathing anti-capitalist days of yore. "Communist policies a[illegible]

CONTINUED ON NEXT PAGE

GENOA

Port in need of an overhaul

THE MEMORY of Christopher Columbus perhaps best shows the extent that Genoa symbolises Italy's attachment to the sea, the role of shipping in the Italian economy, and the importance of the Mediterranean to Europe.

Blessed with an advantageous geographical location that in modern times has made it the natural port for Italy's industrial triangle Genoa was for centuries one of the most flourishing and productive shipping centres in Europe.

But in the past two or three decades Genoa has been slow to adapt to the new demands of modern transport. More recently the world crisis in shipbuilding and steel has dealt a severe blow to two of the city's main economic activities, and smaller ancillary industries have inevitably been affected.

The port was ill-prepared to receive the container traffic that began to arrive in the late 1960s. Now, ten years later, 80 per cent of the general cargo handled in Genoa is containerised, but facilities are still inadequate. The resulting low productivity of the port has meant disproportionately high costs per container/hour to shippers, who have gradually turned to North European ports where their overall costs may be as much as 50 per cent less.

Largest

Genoa is still Italy's largest port, with 50m tonnes of cargo handled last year. And despite competition from the Tuscan port of Livorno (Leghorn) it still holds the first place in container traffic. The city is now trying belatedly to reorganise and modernise its port in an attempt to regain its competitivity in Europe. To do so, it must overcome problems of space funds and organisation.

The city has always had a problem of space. Squeezed between the waterfront and steep hills that rise directly behind. Genoa has no hinterland. Space has been robbed from the sea by using landfills to build the airport and a number of industrial plants, including the huge Italsider steelworks. But the port itself badly needs more room. Only 10 per cent of the 2.5m sq metres of port area which sprawl along the length of the city are currently suitable for container traffic. By comparison, the entire port of Hamburg with 3m sq metres is geared to containers.

The port also suffers from financial problems. The central Government in Rome, under constant pressure to favour the country's depressed South, has delegated available funds to so many different ports that the net benefit to each has been negligible. At a time when rapid modernisation of Genoa is essential the port receives L100m annually from the state, while spending L6bn a year for its maintenance.

The port's effectiveness has also been weakened by poor organisation. Container handling is slowed because of lack of space and equipment. Disagreements among political parties involved in port management and conflicts between the port authority and the powerful dock workers' union have taken their toll. In one epic battle resolved only a few months ago, a *L500m* overhead travelling crane used to move containers sat idle for two years while the two organisations squabbled over whether the right to operate it belonged to the dockers or the port authority wokers. At stake were two jobs.

The very gravity of Genoa's situation may be responsible for what many members of the business community see as small signs of improvement. The mass unemployment that the labour unions feared when the "Italia" company three years ago began converting from passenger to mercantile transport has not come about, and the unions appear to have somewhat softened their former militant stand.

Two state industries based in Genoa, Ansaldo and Italimpianti, are making a name for themselves abroad in the field of engineering, and both companies now export the majority of their product. Italimplanti, a rare exception among the companies of the state industry group, is in the black, and Ansaldo, whose exports have shot up from 10 to 50 per cent of production in two years, is breaking even.

The region of Liguria has recently commissioned Italimpianti to develop a plan for restructuring the region's three ports: Genoa, Savona and La Spezia. By next year the engineering company should present the results of its research which could be a blueprint for a concrete project to rationalise port activity. The blueprint may take into account another plan drawn up by the port authority and already approved by the Government for a new container terminal at Voltri, on the western limits of the city, which would add 1.7m square metres of area for containers. "We hope that having a workable project in hand will carry some weight when the time comes to present it to Rome," commented Sig. Agostino Carossino, president of the Liguria region.

Pillar

Projects under way to strengthen the other pillar of Genoese economy, the steel industry, are almost as ambitious. The Italsider steelworks is the city's largest industry as well as one of the state's most spectacular loss-makers. Italsider's disastrous financial situation has been exacerbated by the world steel crisis and by the company's own investment programme, which has required heavy borrowing. Last year Italsider lost L395bn and had accumulated L4,000bn in debts whose servicing cost L475bn—20 per cent of total turnover.

After devoting most of its energy in recent years to the new plant at Taranto in the South, Italsider, whose headquarters is in Genoa, is getting around to modernising its Ligurian operations. Of the L400bn of investments planned in the region in the next three years, the lion's share will go to the plant at Cornigliano, just outside Genoa, which alone employs 8,000 people.

Genoa is peculiar in that the vast majority of its industry is under the umbrella of the giant Istituto per la Ricostruzione Industriale (IRI) state holding company. The reasons go back to the period after the first world war, when traditional Genoese heavy industry such as steel and shipbuilding that had been converted to produce war material had difficulty reverting back to peacetime production during the recession of the 1920s.

The Government intervened, and in the early 1930s IRI was created to help the troubled industries. Since then the state sector has grown, and much of it has setled in Genoa where the port provides a natural outlet. Italsider, the Ansaldo electromechanical and nuclear concern, and Italcantieri shipbuilding are the city's three largest industries, and they all belong to the IRI group. So does the Italia shipping company and Italimpianti engineering.

If state enterprise, practically unfettered by the laws of market economy, has moved in, private enterprise has tended to move out. Most of the private businesses remaining are small and medium industries, which have found that the legendary difficulties of their sector are multiplied in Genoa. Building costs are prohibitive because of the lack of space, and transport expensive because infrastructure is costly.

Many private industrialists, with businesses linked to Genoa's big industrial apparatus, feel that the overwhelming presence of the public sector in Genoa has been indirectly to blame for what they see as a changing work ethic in the city. In the end, those seeking to expand often move their operations to the plains of Lombardy or Lower Piedmont.

The big question for Genoa today is linked to the general and uncertain future of Italian public industry as a whole. Experts in management, the unions and the political parties have been revising the original concept of state industry according to entrepreneurial criteria, but there are still many doubts about whether the Italian state sector can actually do so.

Christine Lord

Bourse

CONTINUED FROM PREVIOUS PAGE

now openly in favour of business and the stock exchange," one stockbroker said.

Their pressure on the Government for reform of public finances can only be of benefit for the economy as a whole. Union leaders too, like Luciano Lama, the communist Secretary General of the CGIL, Italy's largest and communist dominated trade union, are preaching a policy of wage moderation to allow increased industry investment and more jobs. A series of major contract renewal negotiations due to open this autumn will be the real test of the new moderate union philosophy. But there is no doubt that the unions' increased willingness to negotiate and their admission of the past follies of excessive wage demands materially improve the chances for an industrial recovery in Italy.

Italian companies are still severely under-capitalised, and high debt and interest charges are one of the main debit items on industrial balance sheets. One recent calculation puts the bourse capitalisation of quoted companies at only one-fifth of the value of the Treasury bills issued by the Government to finance Italy's colossal public sector deficit. This puts the value of the shares quoted on Italian stock exchanges at L7,000bn, a figure which clearly seems too low.

Reluctant

But for the time being, private investors are still reluctant to put their money back into shares, after having had their fingers so badly burned by the collapse of share prices in the past. High yielding Treasury bills and bank deposits have instead lured away a substantial amount of investment capital from the bourse. And although interest rates are now falling it will take time to bring private investors back to the stock market. Stockbrokers estimate that only around 1.5m Italians hold shares one of the lowest proportions to total population in Western Europe. The main investors are banks and institutions, and much of the market volume is made up of dealings in a relatively small number of major shares.

Encouragement for the prediction of a genuine recovery on the Milan stock market has come from abroad, and the recent upturn in Milan stock market prices has been aided by apparently substantial buying of Italian shares by foreign investors. Swiss and West German banks seem to be the most active in this respect.

Recently a prominent London stockbroker, De Zoete and Bevan, issued a stock market letter to investors recommending them to take a look at Italian shares. At their recent low prices, coupled with the advantages for foreign investors, particularly in Switzerland and West Germany, of a weak lira exchange rate, Italian shares have become an extremely attractive investment. With the Milan stock market rising and the hope of greater stability in the future on European currency markets, the recent bargain prices of Italian stocks may turn out to have been a never-to-be-repeated offer.

The government has itself been assisting the improvement on the market to a certain extent. A recently introduced tax credit system on the lines of similar systems in other EEC countries abolished double taxation of dividends, allowing Italian investors to recuperate tax paid by companies on their profits through crediting this against their own income-tax liability on dividends. The measure gives Italian investors 10 per cent recovery of company tax, a proportion only matched by West Germany among major European nations.

Restrictions

With the improvement in Italy's balance of payments which has taken place in the past year, there is now hope that the Government may also consent to remove the restrictions on Italian purchases of foreign securities, at least as regards investment in stocks of other EEC countries. These restrictions, which were introduced in 1973, consist of a 50 per cent non-interest-bearing deposit on the value of foreign securities purchased and have effectively stifled Italian investment in foreign shares. Only one foreign company is at present listed on the Milan bourse, and that is C. T. Bowring of the UK, but a relaxation of the present restrictions could encourage other foreign companies to consider a listing here. The Milan bourse authorities are in contact with a number of foreign firms, mainly in Britain and France, in the hope of expanding the number of foreign firms quoted, and they are also encouraging American firms to consider listing their European subsidiaries.

A number of Italian firms are also thought to be ready to apply for a quotation on the Milan stock exchange, if prices recover sufficiently. But in order to make such a proposition attractive the market has to rise at least back to its levels of 1975, and stockbrokers are praying that the current recovery will not prove just to be a flash in the pan.

By a Correspondent

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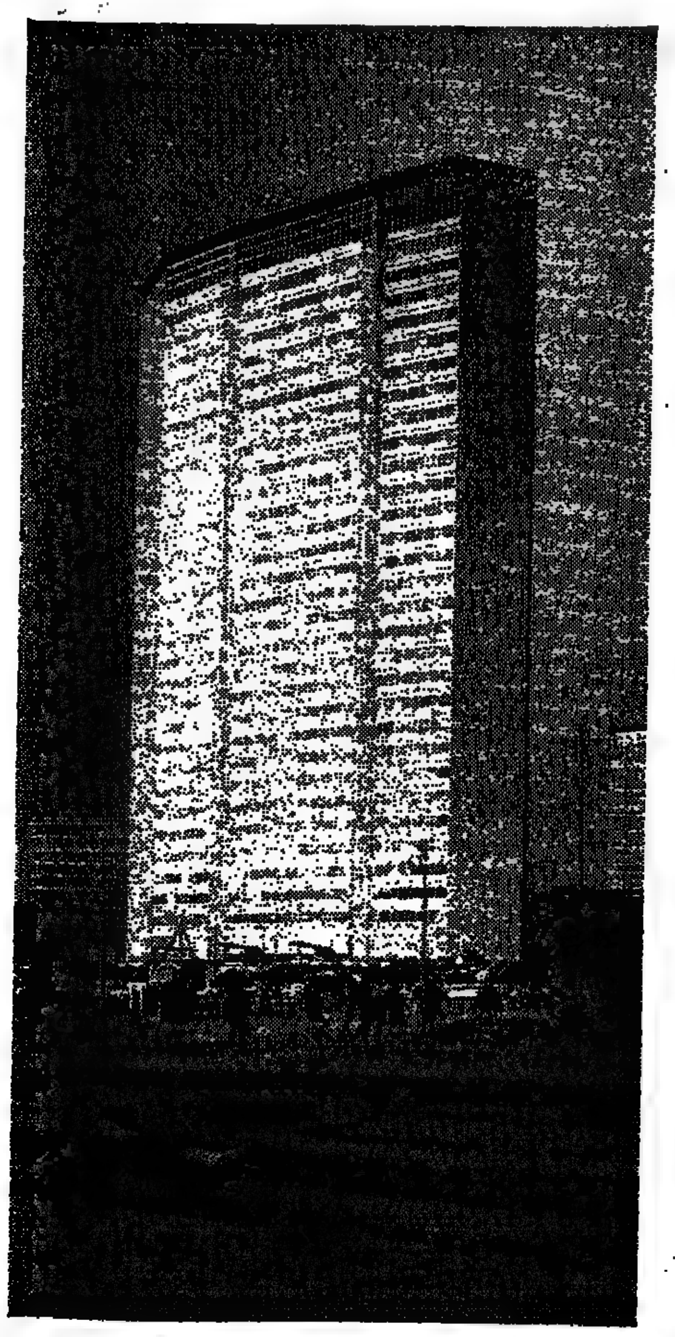

The Lombardy Regional Administration recently bought the Pirelli skyscraper in Milan as its new headquarters.

Lombardy
is by historical tradition, geographical position and social and economic character the most "European" of Italy's 20 administrative regions. Ranking as it does 48th amongst the 99 regions of the European Community, it might be called Europe's half-way house.

RegioneLombardia

Lombardy is the first Italian province in terms of population (around nine million) and fourth in area. It produces more than one-fifth (23,550 billion lire) of the national income (112,360 billion lire) and accounts for 18 per cent of private consumption. Compared with Italy as a whole, where the private sector overall is responsible for 88 per cent of the national income, Lombardy shows a proportion of 93.7 per cent. The region leads in per capita income (1,860,000 lire, equivalent to 131 per cent of the average figure for the whole country) and accounts for 28 per cent of industrial income.

Industry
is undoubtedly the region's most important economic sector. The value of Lombardy's industrial output exceeds 50 per cent of the nation's entire industrial production. There are some 155,000 small, large and medium-sized undertakings in the region, around 18.6 per cent of the national total. There are also approximately 200,000 small businesses in the field of arts and crafts employing almost half a million people.

Agriculture
in Lombardy produces more than 10 per cent of the country's total agricultural output and is second only to Emilia-Romagna.

Tourism
is well developed in our region. The arrival of more than four and a half million tourists annually (equivalent to around 10 per cent of the national total) puts Lombardy in third place amongst the regions of Italy for tourism. In financial terms this represents an annual contribution of some 500 billion lire, a fifth of this in foreign currency.

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MILAN

The business centre

MILAN MEANS business. For the casual visitor to the capital of Lombardy, Italy's most industrial region, there is no escaping this fact. The Milanese themselves are proud of it. "Milan is a city where people work. Milan and Turin keep the rest of Italy alive," states a loquacious taxi-driver with a wide sweep of hyperbole.

This city of nearly 2m people and the suburbs around it stretching out into the Lombardy Plain house much of Italy's biggest industry. Milan itself is the headquarters of major industrial companies like Montedison, Italy's biggest chemicals group, the Pirelli Tyre and Cables Company, Snia Viscosa, Anic and SIR. At Arese, north east of Milan, Alfa Romeo has its main car factory, one of the biggest single employers of industrial labour in the area.

Milan is also the centre of the Italian financial world, with the head offices of big banks like Credito Italiano and Banca Commerciale, as well as a host of other financial institutions of all types and sizes. Milan is the hub of the Italian foreign exchange market, the city where foreign banks generally choose to open branches, in preference to Rome.

The Milan Bourse, a solid edifice in the aptly named Piazza Degli Affari—"business square"—is Italy's most active stock exchange, only distantly followed by Rome as a poor second and leaving the numerous other regional stock exchanges paling into insignificance. In short, Milan is a city where people live to make money.

Businessmen in Milan make no bones about it. "I spend five days a week in Milan, working. Then every weekend I escape to my house in the mountains nearby," one banker says. It is a common refrain. Few people stay in Milan at weekends if they can afford to do otherwise. The result is an inevitable dampening of social life in the city. "On weekdays I am too tired to entertain. I invite my friends to my house in the country at weekends, and most people I know do the same," another banker explains.

The threat of burglaries and fear of terrorism, which has hit Milan possibly more than any other single Italian city, have contributed to the general scaling down of the social whirl. The family silver is kept in a bank vault or the country mansion. At La Scala, Italy's most famous opera house in the centre of Milan, evening dresses and fur coats have given way to roll-necked sweaters and open shirts, in the wake of a ruling by the city's Left-wing administration that a tie is no longer de rigueur.

At first sight, Milan is by no means an attractive city, particularly when compared to Florence, Venice, Rome or even Turin. To the newly-arrived visitor driving in from Milan's Linate Airport, the greyly uniform streets seem to stretch away in monotonous flatness without a single notable landmark to point the way. Devastated by warfare throughout the centuries, this former capital of the Western Empire in Roman times, and of the Napoleonic Kingdom of Italy for a few brief years at the start of the last century, suffered severely from the bombardments of the last world war.

At the centre of the town, the brilliant white marble pinnacles of the city's gothic cathedral soar up in a symphony of architectural majesty. Just beside it, Milanese and tourists mingle in the gigantic elegance of the city's "drawing-room," the vast cruciform arcade built in 1867 in honour of Vittorio Emmanuele of Savoy, United Italy's first king. But the fine collection at the Brera Art Gallery is poorly displayed for lack of funds, and the area around it, which is in the process of being transformed from a working class area into something approximating a "quartier Latin," still has a rather rundown air about its trendiness.

Milan boasts some fine churches, such as the romanesque basilica of Sant'ambrogio, under whose main altar lies the silk-robed skeleton of the city's patron saint, the fourth century Bishop Saint Ambrose. But Leonardo da Vinci's world famous fresco of the Last Supper, in the nearby church of Santa Maria Delle Grazie, has recently been discovered to be disintegrating under the influence of malignant microbes, after miraculously escaping the bomb attacks of World War II.

A few vestiges of Milan's prewar charm can be found in the area around the city's port, south west from the centre, where cobbled courtyards and the rushing water of a small network of canals testify to the city's pre-industrial past. But from the deck of one of the wooden-seated yellow trams which still rattle through the city, the visitor is left with an impression of somewhat defunct grandeur.

In effect the economic vicissitudes of the last decade have taken their toll of Milan's prosperity. The list of Milan's major industrial enterprises could equally well serve as a roll-call of Italy's most financially troubled companies. Montedison, Alfa Romeo, Anic, Sir, Liquichimica, Snia Viscosa and Pirelli have all been going through hard times, and for some of them the way out of ther difficulties is still far from assured.

The collapse last winter of the state-owned confectionery and food concern, Unidal, manufacturer of a doughy Panettone which Italians like to eat at Christmas, put thousands of workers out of a job. The Unidal case, which was the result of an unsuccessful merger with Government support of two old respected Milanese companies, Motta and Alemagna, has roused fears of similar drastic redundancies elsewhere in industry. The Motta and Alemagna trade names soldier on, one of them with a smart cafe in Milan's elegant "drawing-room," but their image now has a distinctly tarnished sheen.

A sign of the change in industrial fortunes was the sale earlier this year of the sleek Pirelli skyscraper in central Milan, the city's tallest building, to the regional authority of Lombardy for use as administrative offices. Pirelli, hard hit by industrial losses over the past few years, was badly in need of the cash which it got from the sale of its prestigious office building, erected in the late 1950s in the heyday of Italy's industrial boom. From next year on, the bureaucrats of officialdom will enjoy the breathtaking view from the top storeys of the Pirelli skyscraper to the Alps and Switzerland, whither so much of northern Italy's wealth has found its way in illicit exports since the war.

Ironically, the corollary to this decline in industrial fortunes has been the increasing degree to which key decisions on the future of Milan's big companies are taken in Rome, the easy-going capital city which many a Milan businessman still dismisses half in contempt and half in frustration as "a den of idlers and procrastinators."

By a Correspondent

TURIN

A city shaped by Fiat

TURIN IS practically synonymous with the word Fiat. It is the headquarters of Italy's largest private enterprise, employing some 150,000 people and whose turnover is estimated to reach this year about L13,000bn or the equivalent of U.S.$16bn. The entire industrial structure of the city and its vicinity is polarised around the giant engineering, steel and car manufacturing group. In the last decades, Fiat has effectively shaped not only the economic life of the city but its social texture.

The character of the old capital of the Kingdom of Italy has traditionally been compared to a secluded and somewhat exclusive club. Its links with the royal house of Savoy have given it perhaps a more Gallic rather than Italian quality. The wines of the area, particularly Barolo, have often been compared to good full-blooded burgundies. The architecture of the old centre of Turin is aristocratic of the nineteenth century sort known as Umbertino in Italy. The cultural traditions are deep. Turin, of course, was the city of Cavour, the architect of Italian unification.

In many respects, these characteristics persist. But the presence of Fiat and the subsequent vast network of smaller engineering industries have brought with them profound change. Fiat, in a sense, was one of the spearheads of Italy's rapid industrialisation over the last 30 years. Its slogan, "sea, land and air," succinctly summarises those key sectors that form the basis for a comprehensive industrialisation programme. If Count Camillo Cavour, during the last century, asserted that the unification of Italy could only be consolidated through the construction of a comprehensive railway network, Fiat has extended the Count's concept by bringing about, in large measure, the geographic unification of the country by Europe's most advanced motorway systems.

During the years of the so-called "economic miracle" in the 1960s, Fiat acted as a magnet for the unemployed, mostly from the South. The mass migration towards Turin has considerably transformed the character of the city. A whole series of problems have emerged. The city and Fiat, which sought out this manpower to meet the demands of its industrial development, were not socially geared to cater for this huge human inflow.

The consequences are all too visible today. The city suffers from a desperate housing problem. The recession of the 1970s brought with it unemployment, but the image of Turin as a sort of "promised land" remained. In the wake of unemployment came dissatisfaction and social unrest. The city's rising crime rate speaks for itself. The repeated acts of terrorism, which have transformed Turin in what some residents call a "laboratory of political violence," are a further eloquent manifestation of the city's malaise. This year, the city acted as the stage for the celebrated trial of the leaders of the extreme left-wing Red Brigades movement. During the trial, Turin literally lived under a state of siege.

The presence of Fiat and the engineering industry has, together with Milan, made Turin a key element in the evolution of the Italian trade union movement. Wage negotiations with Fiat and the engineering industry in general now tend to set the pattern for all other main Italian labour negotiations. In the next few weeks, the renewal of the national labour contract of the members of the National Engineering and Metalworkers Union is likely to be crucial to the Government's current attempts to enforce a three-year recovery programme designed, among other things, to contain the continuing rise in Italian labour costs.

If the Government is now at last attempting to introduce a medium term recovery programme aimed at tackling the underlying structural weaknesses of the country's economy. Turin and its region of Piedmont have not waited for the lead from Rome. Despite recent devolution legislation, most regions nonetheless complain that they still lack sufficient autonomy, especially over the key issue of regional finances.

This, however, has not prevented Piedmont from approving last year a two-year 1977-78 regional development plan designed, among other things, to ease the congestion of the region's main urban centres, namely the city of Turin, by encouraging industrial groups to move out to the lesser populated neighbouring areas. A characteristic feature of the plan was the degree of consultation between the regional left-wing authorities and local industrialists. Turin has a communist Mayor but this has not prevented the city administration building up a constructive relationship with the Turin Industrialists Association, itself one of the first such groups to open a concrete dialogue with the left-wing parties.

In a sense, Turin and its region have led the way in demonstrating how capitalism and communism can, if not on strictly ideological grounds, cohabitate. It is therefore not altogether surprising to hear local communists speak in support of such concepts as a free market and in defence of the bourse as a means of transferring savings into productive investments. It is equally not surprising to hear industrialists speak flatteringly of left-wing administration, at least in the north of Italy. The argument, of course, is different in the South.

For its part, Fiat has for some time been engaged in a major reorganisation programme to get the company away from the "bad old Italian image" and to reinforce its international, or rather European outlook. Earlier this month, the group completed its reorganisation programme started back in 1970 transforming Fiat into a series of operating companies under the control of a central holding company.

Its strategy, too, has been heavily orientated towards Europe, and the company has stressed the need for an overall rationalisation of the European car industry to compete with the big American and Japanese conglomerates. In this respect, Fiat, as the biggest piece in the complex Turin jigsaw puzzle, is showing the way which the area is generally likely to take in the future.

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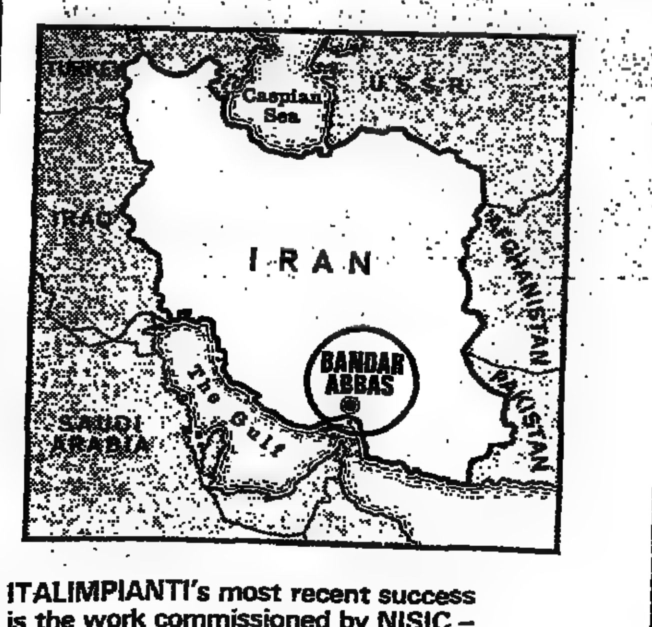

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IRI-FINSIDER GROUP

The Management Page

EDITED BY CHRISTOPHER LORENZ

Profile

A new spokesman for managers

BY JASON CRISP

Ashley Ashwood

Leslie Tolley: "I am keen on things being done rather than talked about."

ESLIE TOLLEY'S two-year nure as chairman of the itish Institute of Management oks like being rather different om the studiously tactful ign of his predecessor, Sir erek Ezra. Although he does t actually take the chair until e BIM's annual general meetg on October 4, an inkling of s style came in his first official eech last week.

With little ado he launched a rthright attack on the contution of Britain's trade ions. They were too manipued by political extremists, he id; when agreements were de with employers, the ions should control their embers so that they stuck to ose agreements.

And he did *not* stop at that; went on to urge managers organise their affairs so that ere were always alternatives union power. "*If the Post fice telephone engineers hold* to ransom we must cancel e Post Office monopoly for e supply and servicing of uipment and arrange our own nergency microwave links into e network of another untry." That's the sort of talk e unions like to call provocae, but then the 64-year-old lley likes to shoot straight om the hip.

The chairmanship of the BIM s taken on a rather different role since the institute first decided to dip its toes into the political pool. Since it changed its constitution in order to adopt a "representative role" in 1976, its chairman has been Sir Derek Ezra, a well-known figure through his chairmanship of the National Coal Board.

To the BIM, Ezra brought the fame he had gained through the NCB, and his familiarity with the corridors of power, acquired from the same office. And with it he brought his ability to pad softly through the minefields and thus upset nobody. The obverse of this is that it has led to the BIM being accused of being too bland, or of sounding too much like the CBI, and this at a time when managers are crying out for a strong voice; and more and more are joining trade unions.

Apprentice

Leslie Tolley is a different kettle of fish. He left school at 16 to join Morris Motors in Oxford, apprenticed to be a production engineer. And this may be the first clue to the difference in styles: Sir Derek went to Magdalene College, Cambridge. By the time he was 25 Tolley had become one of the youngest-ever production managers at Morris, in the radiator branch, which had 1,500 employees.

Two years later he became general manager of the Nuffield body division in Birmingham. By any standards that is a very young age for such a position and it was a post he was to hold until he was 38. Looking back on that early appointment he says with good humour and modesty: "I never really should have been made general manager then."

Outside events prompted his departure from Nuffield: the merger with Austin to form BMC. "It was not a prospect to my liking," he says and pauses, leaving the impression that he had had a mighty row, but it is best not mentioned, before going on in a reflective tone, "perhaps events have shown I was right. . ."

He was head-hunted into what was then known as Renold Chain as works director. Renold looked as if it had good prospects and he liked Sir Charles Renold's ideas on scientific management.

A certain roundness is added to this story because it was Sir Charles Renold who was instrumental in setting up the BIM and was indeed its first chairman. Tolley became managing director in 1962 and through acquisitions, made Manchester-based Renold the company it is today, broadening it out into power transmission. In the year-ending April 2, 1978, it had a turnover of £113m, and that was a bad year. Renold makes such down to earth engineering basics as roller chains, gears, clutches and hydraulic motors.

Leslie Tolley is rather like you might expect the chairman of a medium-sized engineering company with international operations to be: straight forward, plain speaking—but quite smooth at the edges.

It is interesting to note that this is the sort of man that BIM believes should be acting as its ambassador. There is a mischievous tale told of how he came to be elected. It is said that Michael Edwardes was the heir apparent to Sir Derek, until he was summoned to perform wonderful things at British Leyland. The Sun newspaper shrewdly noticed BIM's problem and speculated on who might be suitable to step in and fill the gap and stated baldly that the one person it definitely would not be was Leslie Tolley. That, say unkind observers, ensured his election.

Tolley became chairman of Renold in 1972. Though this is a non-executive position, Tolley thinks the borderline between executive and non-executive is far less clear than is generally suggested. Three years later, when the institutions were injecting substantial sums into Fodens, the truck manufacturer, he became its new chairman, and has since presided over its turnaround.

In a similar way he became chairman of a plastics and rubber company, Francis Shaw, which was also going through a troubled time. On this occasion it was the NEB who had stepped in, taking a 30 per cent stake in its equity.

"My interest," he says by way of explanation, "is in stopping the decline of industry." He describes himself as a "doer," adding: "I am keen on things happening, on being done rather than talked about. I like to give the right sort of leadership so that I can encourage others."

He is not deterred that he comes to the BIM chair virtually unknown—at any rate compared with Sir Derek — a fact he attributes to the low profile which Renold maintains. "As a supplier of components to every other industry in the world, we never felt we could take sides, because we'd always be upsetting some customer or other."

Authoritarian

He describes himself as a rather authoritarian and inclined to "say my piece" — characteristics he confesses could create a slight problem for him as BIM chairman. But he is aware that he must be careful to express the views of the collective body of managers, and also to remember he is representing managers of the mixed economy. "Obviously by my background and my activities I am pro-private enterprise. . ."

Tolley is quite emphatic that the subject of his opening speech last week was very much at the forefront of management thinking. He added that there were not many managers these days who would denigrate trade unions but those who dealt with them would recognise the weakness of the unions' constitutions. Tolley insists that he wants the trade unions to be strong; this together with a strong constitution would overcome "this never-ending militant minority interference," he says.

This belief will prove to be one of the themes of his chairmanship of BIM—although it should be pointed out that during the same week he was speaking Renold itself was threatened by strike action.

A second theme, again introduced in last week's speech, will be the need for managers to organise alternatives, by which he means anything from dual sourcing of components to stand-by power equipment—then there is the point in his speech about telecommunications, something he admitted afterwards was "pie in the sky," but was meant to show a direction of thinking rather than a reality.

He argues that if an organisation is fully geared up with alternative resources the power of the "militant minorities" would be removed—a description which regularly peppers his conversation.

Other themes Tolley says he will promote are the challenges of productivity and efficiency, and pensions. On the latter he says the current approach is bringing about a divided society, and that ultimately everyone should have an inflation-proofed pension.

As for the future of the British Institute of Management, his hopes are for still greater influence on government. This aspiration is very much in line with the BIM's existing ambitions, and is rather predictable, in that most organisations would like a greater say in the corridors of power—including many professional groups who already make representations on a similar basis to the BIM, like the accountants, lawyers and doctors.

Tolley says he would like to see the BIM's position rise to being "accepted in the top national economic forum" within his two year tenure. A high hope indeed.

Eligible

One of the BIM's problems in this respect is that it only has 57,000 members out of what could be reckoned as 1m managers in this country. Although the institute itself reckons that only 250,000 of them would be eligible for membership, it hates to have numbers pointed out.

Tolley himself hastens to emphasise that many more could theoretically be counted in, as most large companies have corporate membership of the institute.

But he does admit that to increase its influence "we might have to widen our representation umbrella to include other professional institutes."

At the institute's headquarters there seems to be a certain optimism about Tolley, that his outspokenness and directness will put the BIM over in a positive way. Of course he may sometimes put his foot in it as well, which is not always a bad thing either.

EEC food protection laws: not much to chew on

BY DAVID CHURCHILL

BRUSSELS

HAT infamous tin of salmon ight have been part of a congnment which ended up in rdeaux, Bremen or Bologna, well as in Birmingham. The nfortunate botulism victims uld have been French, German Italian, as well as British. ven when the size and destinaon of the consignment had en established, there was no arantee that all the tins had ayed in Britain. Such is the od distribution process that ey could have gone anywhere Europe.

So the UK Consumer Association decided on its own initiative to check with its fellow organisations in Europe whether their Governments had been officially told of the botulism outbreak and, if so, what action they had taken.

It found that few governments knew officially of the outbreak and those that did gave unhelpful advice. The Belgian health authorities, for example, were reported as having advised consumers to boil the tin of salmon for 15 minutes as a protective measure. Such action would only have caused the botulism in any infected can to multiply, according to British experts.

While, the Birmingham botulism outbreak has so far proved to be an isolated incident, it emphasises not only the crucial need for Community-wide food safeguards but also suggests the inability of the EEC bureaucracy to cope quickly with such crises.

As Mr. Anthony Kinch, head of the European Commission's foodstuffs division, pointed out last week, the problem was partly the fault of member states.

Speaking at a conference in Rome called by the Commission to discuss food laws and their enforcement, Mr Kinch suggested that, in order to allow for better co-ordination of services, each member state should have a central authority empowered to initiate and carry through any action agreed at Community level to be necessary.

"This would provide effective means for organising common action in the face of a Community-wide threat, such as in the case of mercury in oranges, or for simultaneous Community-wide checks on particular foodstuffs as a matter of routine, or in view of a particularly widespread breach of a particular provision of the law," he said.

But, as was emphasised at the conference, central organisations exist only in Belgium, France, Luxembourg, Holland, and Italy (for imports only). No such central authority, said Mr. Kinch, appeared to exist in Italy (for internal production). Denmark, Germany, Ireland, and the UK, although local authorities in Britain have recently set up a centralised body of their own to control food law enforcement within their particular terms of reference.

If an individual country cannot even organise adequate controls over its own food industry, what chance does the EEC have for harmonisation? It became only too clear at the Rome conference that harmonisation of member states' food laws for consumer protection and fraud detection—not to speak of their enforcement—is still a very long way off.

Given the importance of the food industry within the Community—some 70m tonnes of food are consumed each year and, in value terms, the industry is Europe's largest—it is not surprising that there has been no shortage of Brussels directives and regulations, in an attempt to impose harmonisation from above. The effectiveness of such regulations, however, remains open to doubt.

Information

Most Brussels action has been aimed at the protection of public health, covering the quality of basic raw materials, the content of food products after processing, and the conditions and methods of processing, marketing, and retailing. Other rules are aimed at protecting consumers' pockets, rather than their health, and ensuring that fraud is detected.

A draft *directive* currently before the Council of Ministers, for example, deals with the labelling of food products with the aim of giving as much useful information to the consumer "*as is consistent with the requirements of the manufacturers and retailers,*" in the words of a Commission spokesman.

This qualification was felt by a number of delegates to highlight a lack of commitment by member governments: it was thought that the problem was one of attitude, an over-protection of the vested interests of agriculture and trade.

This argument rested on three points, according to one French delegate. First was the old problem of governments allocating insufficient resources to ensuring the effectiveness of food industry controls. Adequate adherence to the food regulations and standards required extensive research facilities and numerous field inspectors—more than most countries were prepared to finance.

Second, governments also showed a tendency to interpret regulations according to the degree of pressure exerted by various lobby groups. Thus, as "a temporary measure," boric acid had been allowed for 46 years in France for the conservation of certain farm butters, although most hygiene experts were unhappy with its use, according to the French delegate.

Thirdly, he said, adequate regulations did not exist or, if they did, they were badly formed or out of date. The Brussels directive on fruit juices, for example, allowed filtration through asbestos—a material which most health agencies were trying to keep out of food industries.

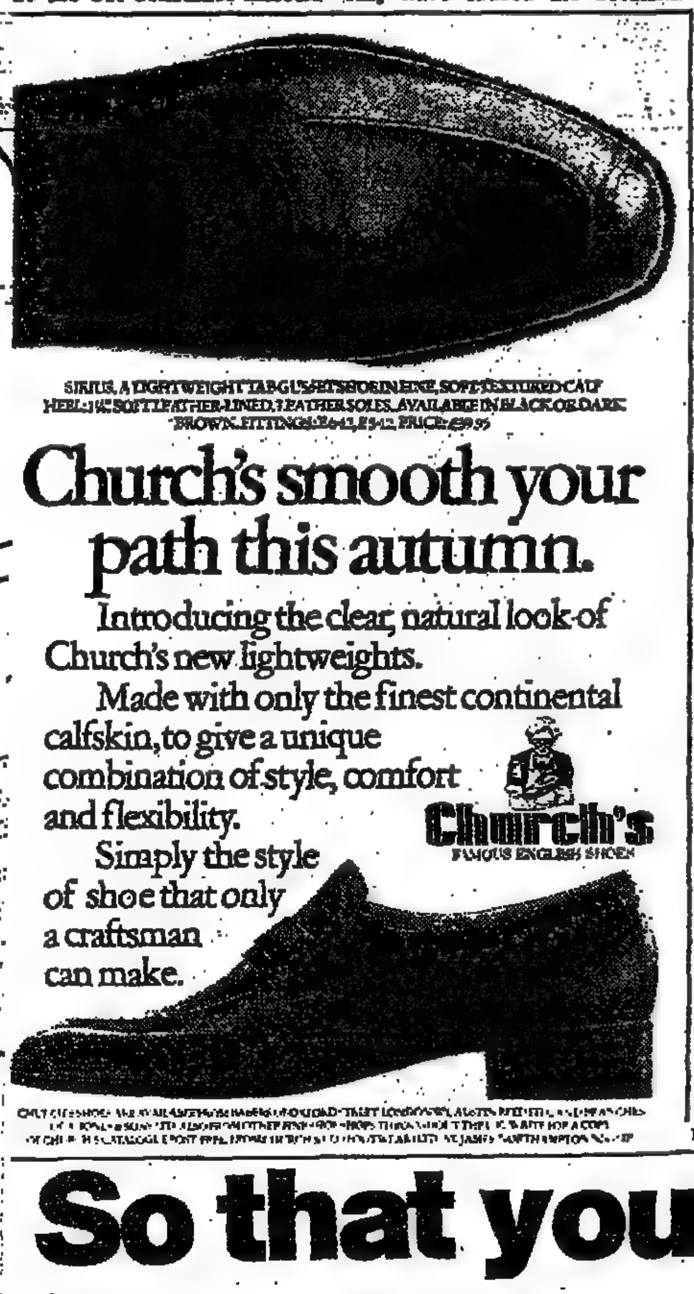
At Community level, the problem remains basically one of harmonising the food protection laws of each member state: it is accepted that enforcement can only be carried out by member states. Specifically, the Community faces a particular dilemma when a breach of food regulations occurs in one country as a result of action by a producer from another country, where the breach is not an offence.

When the offence is a breach of domestic law in both the countries involved, then action can be taken, although possibly resulting in different penalties. But when the offence is only a breach in one country, then there is little that can be done to penalise the offending importer or producer.

Clearly, harmonisation would largely solve such difficulties. But it was suggested in Rome that, pending such action, member countries could immediately adopt a convention which would strengthen existing food laws. Such a convention would ensure that where a foreign producer was in breach of the law, the country involved would be informed immediately and asked to take appropriate action.

While such a convention would help cut down the present bureaucratic delays in cases of this sort, it would still fail to make sure that all breaches were pursued wherever they were committed. With the increasing ease of movement of goods within the Community, frauds that breach national frontiers are more easily organised, and require a corresponding integrated control to combat them. One speaker in Rome cited the case of an artificial wine being produced in Antwerp, delivered to a German town and handled by an agent in Strasbourg.

But even preliminary negotiations on such a convention have still to begin, let alone any firm progress being made on harmonisation of food laws. It was felt that the Rome conference might act as a catalyst to speed up such moves, although there were no immediate signs that this might be so. In fact, in some cases, disagreement seemed to get worse.



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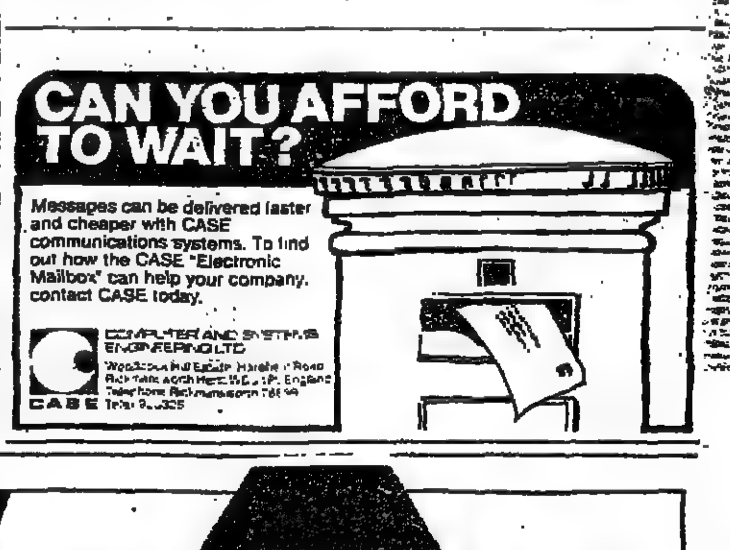
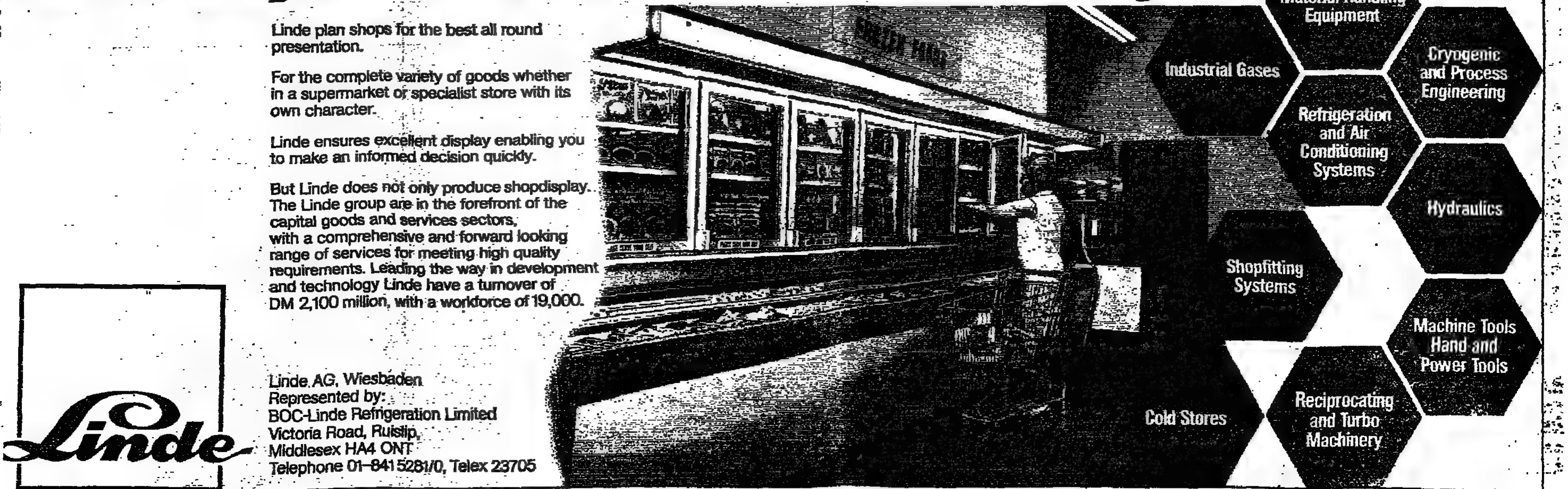




LOMBARD

The pound in your pocket

BY PETER RIDDELL

THE BRITISH Government's decision on whether to join the proposed EEC currency stabilisation scheme is likely to be taken —within the next 10 weeks—following only minimal public discussion. Currency matters are hardly the stuff of bar-room debate at the best of times, and the merits of the basket versus the parity grid must rival the corset in their ability to confuse and bore people. Yet what has been surprising, and disturbing, has been the virtual absence of any discussion of the European Monetary System among the informed as well as the general public.

There has admittedly been a ripple of dissent in the past few days from passionate anti-market MPs such as Messrs. Jay, Spearing and Gould, as well as some Press comment, but otherwise almost nothing. Most surprising of all has been the silence from the City; the army—or perhaps monastic order—of brokers' analysts has been more concerned with next month's money supply figures than considering the proposals. This is all in marked contrast to the Treasury and the Bank of England where it is hardly an exaggeration to say that they talk of little else—apart, that is, from pay policy.

Unwelcome

The absence of public debate no doubt suits the present Government since the currency proposals raise a number of acutely sensitive political questions. There is the threat of a re-opening of all the long-standing divisions within both the Labour Cabinet and Party over the EEC—and the postponement of the general election means that the issue can no longer be dodged. However welcome the relative silence is for ministers it is unwelcome otherwise. The issue is of major importance and cannot be left solely at the level of technical debate within Whitehall and among a few outside specialists.

For a start, there is the question of Britain's future relations with the EEC—of whether Britain is to hang back yet again from joining in new developments, and hence of whether the UK is content to leave the Community more or less as it is. As important as this is a whole series of questions about the impact of the currency stabilisation plan on the UK's domestic monetary and economic policy. A large amount of work has been undertaken within the Treasury and the Bank on precisely these points since the Bremen summit in mid-July.

After all, the proposals run counter to the Treasury's exchange rate policy of the last few years. Although there may be considerable disenchantment, notably among senior ministers, with the sharp fluctuations in exchange rates of recent years, the preference of most officials is still for a currency regime which adjusts to underlying divergencies in economic performance. Consequently, British ministers and officials have been pressing for the most flexible possible exchange rate mechanism within the new system. However, the Franco-German axis seems to have succeeded in winning support from all but the British for a much tighter system—a snake within a basket. And this leaves Britain with some difficult bargaining in the next few weeks if the Government is to succeed in its objective of avoiding merely an enlarged D-mark zone with a deflationary bias against countries with weaker currencies.

Test case

The task of explaining both the scheme and its implications is obviously not easy. But, unless an attempt is made, there is the danger of a decision being taken almost without anyone noticing, except the enthusiasts on either side. The Government could make a start by publishing a Green Paper outlining both the proposals produced by the finance ministers and the implications for the UK economy.

But this is only a half-way house and the issue provides a classic test case of the Government's willingness to be more open about the way it makes decisions. The Treasury has already started to open the door to the outside but this has so far been limited. The five working papers published this year cover important issues — for example, the effects of exchange rate changes and the impact of balance of payments flows—but they are of a theoretical character and do not examine current policy issues.

Further moves towards greater disclosure are apparently now being considered within the Treasury and a start could be made now with the publication of all the background papers on the European Monetary System. This would be a welcome contrast to the North Sea White Paper earlier this year where a platitudinous statement of the options was made worse by the absence of any discussion of the detailed implications. The decisions are too important to be left just to politicians and officials; it is, after all, the pound in your pocket.

Combining the colours quite calmly

GARDENS TODAY

BY ROBIN LANE FOX

GARDENING IS not just an art of growing the plants which you want. It is also a chance to match their colours, contrast their shapes and seasons and use two different sorts to add up to something much more impressive than their sum. The larger garden, the more you notice the use of colour in its plantings. Small gardens can still get away with all the colours of the rainbow, running them into one another in such a profusion that no earth shows. It is easier, too, to keep a continuity from week to week in a small space. One or two features will dominate it while the rest are past their best. But placing and planning are endless subjects and in a large garden, they are crucial. One hits on good ideas as time goes by. Some that have come my way recently I would like to pass on.

How do you know which flowers will combine quite calmly? Colours, in season, can be tested quite simply in combination. Pick a flower off something which you are considering for a new group and match it beside a clump of the neighbour which you have in mind. If that sounds too obvious to be worth suggesting, I would add that few gardeners ever think of trying this old tip. It saves a conjectural move, then another, a year later, when the colours are found to clash.

This summer, from W. Harrington of 173 North Bank, Wisbech, Cambrideshire, a wholesaler who sells in batches of ten or more, I have been enjoying very good and cheap *Gypsophila* and purple-mauve *Thalictrum*, Hewits Double. These are plants which the smart gardeners avoid. They think that they belong in florists shop. But that is precisely their value. Thy send up clouds of small light flowers to a height of three feet in July and August. These can be fitted into any summer border. They come from a manageable root-stock and do not lie in a nest of heavy stems and leaves too early in the year. The *Gypsophila* is also sold in a lovely pale pink form which is well worth having. It will need to be propped up. Such it is billowing heads of flower that the height will sometimes tear the stems away from the central root-stock. Be warned of this, as you will lose it after only one year, if it is left to pull itself up. *Gypsophila* is the old Baby's Breath and thrives famously on lime; its botanical name means "chalk-lover." It will also grow in half shade. You can tuck it it anywhere for a bright July and August. It belongs in an artful planting because of its lightness of shape, so unusual in late summer flowers. You can use it among heavy petalled roses, thick-headed phloxes or the strong vertical lines and drum-heads of the splendid *Agapanthus*. The *Thalictrum* looks most unlikely when you buy its little bunch of dry, hanging roots. But these will all thrive, even in as varied a summer as 1978. The leaves are most delicate, like a rounded grey-green *Aquilegia*. The stems of flower are set with small points of a distinctive mauve-purple, adding up to a charming colour, some three feet high. I have it, by chance, beside the plain white rose Iceberg and think that it sets off the strong white colouring most peasantly.

The pale sky-blue *Campanula* called *Lactiflora* is a splendid tall July border-plant which sets ripe seed within a month of flowering and can be raised by the hundred if you save it quickly in this month. This year, I put the admirably easy Lily Enchantment among and in front of it. The fiery orange-red and milk-blue were all the better for each other. Pale blush-white hollyhocks rounded off this easy and happy accident, raising a long flowerbed quite out of the usual rut of phlox and *Alchemilla*.

Clear whites and dark reds or indigoes are another pairing which I like. My little white *Viola Cornuta* has now spread under a good group of the new quartered rose "The Squire" and shows up its dark colouring more clearly. The long lasting *Campanula Glomerata*, a rich ink-purple, is another good flower for such a neighbouring white. Dead-head this one in July and it will come again in autumn. Conversely, the Viola "King of the Blacks" which I have suggested recently from seed will spread most vividly in front of a bed of white Rose *Pascali* or plain white *Iceberg*. Black and white is too seldom used as a contrast in a garden.

Orange daisy and late butter-yellow Evening Primroses are difficult colours, though too good to avoid. It is an easy answer, but I find that the purple-blue border Salvia is as fine a neighbour as any. The Salvias are fading to a purple-brown when the daisies come into full flower. The two go neatly together. Plain *Salvia Superba* is tall and still good, to a height of three feet. But the smaller form called May Night is a true improvement, a plant which will flower from May till September if you dead-head it: it is a fine match for the smaller Evening Primrose in the front row. If you do not want to buy new purple-blue Salvias, you can sow the invaluable *Turkestanica* form, a three to four foot plant with an unmistakeable spire of purple, pink and grey-white flower-heads. This is a plant which will match almost anything, despite its awful scent when you brush the leaves. As it fades ages, it is no less harmonious. Seedlings sprout all round it, so it is no bother that it only lasts for one good season. A good match with the yellows of a late summer border, it is a plant which sets off any neighbouring colour, however strong. There are those who think all these yellows are simply best when massed together as a yellow and orange border. There is force in such a scheme, but I still prefer the Salvia's lines and purplish colouring, for in the garden, it takes two, to my eye, to make the best success of life.

Tough Jellaby has the courage to land Doonside Cup

RACING

BY DOMINIC WIGAN

A PARTICULARLY strong jackpot-supported programme at Ayr this afternoon includes the Doonside Cup, the Kyke and Carrick Handicap and the Ladbroke Leisure Handicap, a £5,000 nursery.

All three races have an open look about them and finding winners, never easy here, will be tricky for all but the inspired.

In the day's feature event, the Doonside Cup, in which Norfolk Ayr sprang a surprise a year ago, I again intend supporting that tough five-year-old, Jellaby. The Ryan Price-trained roan, making the 800-mile round trip from Findon, has few peers in Europe over seven to 10 furlongs when ground conditions are in his favour.

My one serious doubt about him here is his stamina. This afternoon's 11 furlongs is the equivalent of 1½ miles on virtually any other course in Britain and in the final furlong Brian Taylor, the stable jockey, may find himself relying on the unquestionable courage of Essa Alkhalifa's horse seeing them home.

With Evesboy and Ziggy surprising absentees from the Kyke and Carrick Handicap half-an-hour later, the way might be clear for the course and distance winner, Miss Eliza. Chris Thornton's filly, Mountain Call, nearly threw away her race when scraping home from the subsequent Hunt Cup winner, Fear Nought, in May, has since put up several creditable efforts.

If Jimmy Bleasdale can keep her covered for a late challenge, Miss Eliza should be capable of taking advantage of the stone's weight she receives from Newmarket's ultra-consistent Arctic Tribune.

Another filly who appears well in at the weights this afternoon is Noble Mistress, set to carry 7 stone 13 lbs in the six-furlong Ladbroke Leisure Nursery. She is a Lord Gayle chestnut and was a creditable runner-up to Disco Volante by three-quarters of a length, over the minimum trip here in July. She will be seen to better advantage over this additional furlong and can wear down Clive Brittain's Kunitz, who shoulders 9 stone 7 lbs.

There is no better bred juvenile in the one-mile Sandgate Stakes than Royal Rex, a half-brother by Royal Prerogative to Pugnacity, the dame of Relkino, and I hope that that Upper Longdon bay is the one they will all have to beat.

In a five-furlong event won by Ring Lady at Haydock last month, Royal Rex was slowly away and stood little chance of making up the lost ground. However, he seems guaranteed to get every yard out of today's trip, which is sure to find out a fair proportion of his rivals.

At Yarmouth, today's other meeting, Sprin gto Life, Kalimir and Eastern Spring can continue Luca Cumani's remarkable run of success; and Michael Stoute, another trainer heading for by far his most sucessful season, can add to his tally through Bananas Foster.

AYR
2.00—James Hunt*
2.35—Jellaby
3.05—Miss Eliza**
3.35—Noble Mistress
4.05—Thorganby
4.35—Royal Rex

YARMOUTH
2.15—Spring To Life
3.15—Kalimir
3.45—Eastern Spring
4.15—Jagatek
5.15—Bananas Foster***

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.30 am Open University (Ultra High Frequency only). 9.38 For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Fingerbobs. 2.01 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Boss Cat (cartoon). 4.45 The Beautiful Green Bird. 5.00 John Craven's Newsround. 5.10 Touch and Go.
5.40 News (London and South-East only).
5.55 Nationwide.
6.20 Nationwide.
6.45 It's A Knockout.
8.00 Z Cars.
9.00 News.
9.25 Loose Change.
10.15 Sportsnight.
11.15 Tonight.
11.55 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Wales—10.00-10.20 am I Ysgolion. Hwnt Ac Yma (1). 2.18-2.38 pm I Ysgolion. Ffenestri. 5.10-5.40 Billidowcar. 5.55-6.20 Wales Today. 6.45 Heddiw. 7.10 Pawb Yn Ei Fro. 7.35-8.00 Tomorrow's World. 11.55 News and Weather for Wales.

Scotland—11.00-11.20 am and 2.18-2.38 pm For Schools. 5.55-6.20 Reporting Scotland. 6.45-9.00 European Sportscene. Soccer: Austria v Scotland "live" from Vienna. 10.15-11.15 Z Cars. 11.55 News and Weather for Scotland.

Northern Ireland—3.40-5.00 pm Soccer. European Championship: Republic of Ireland v Northern Ireland; including 3.45 Northern Ireland News. 5.55-6.20 Scene Around Six. 8.00-9.00 Soccer. Republic of Ireland v Northern Ireland (highlights). 11.15 Z Cars. 12.15 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.35 Gharbar.
11.00 Play School (As BBC-1 3.55 pm).
4.55 pm Open University.
7.00 News on 2 Headlines.
7.05 Erica on Embroidery.
7.15 An ABC of Music.
7.30 News on 2.
7.35 Expert Opinion.
8.00 Gardeners' World.
8.25 The Money Programme.
9.00 MASH.
9.25 Play of the Week: "Langrishe, Go Down," by Harold Pinter.
11.15 Late News on 2.
11.30 Closedown (Reading).

BBC-2 Northern Ireland only:—2.40-3.00 pm For Schools. 3.45 Play School. 4.10 Boss Cat. 4.35-4.55 The Beautiful Green Bird.

LONDON

9.30 am Schools Programmes. 12.00 Cloppa Castle. 12.10 pm Stepping Stones. 12.30 Sounds of Britain. 1.00 News plus FT index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon. 2.25 Racing from Ayr. 3.50 Tell Me Another. 4.20 The Sooty Show. 4.45 Shadows. 5.15 Batman.
5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 Lingalongamax.
7.30 Coronation Street.
8.00 Miss Great Britain.
9.00 Born and Bred.
10.00 News.
10.30 We've Always Done It This Way, Haven't We?
11.30 Honour Thy Father.
12.25 am Close: A poem by John Donne read by Derrick Gilbert.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.00 Houseparty. 5.15 Mr. and Mrs. 6.00 About Anglia. 11.30 Chopper Squad. 12.30 am The Big Question.

ATV

1.20 pm ATV Newsdesk. 5.15 You're Only Young Twice. 6.00 ATV Today. 11.30 Ghost Story.

BORDER

1.20 pm Border News. 2.00 Houseparty. 5.15 Gambit. 6.00 Lookaround Wednesday. 11.30 Power Without Glory. 12.25 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 5.15 Emmerdale Farm. 6.00 Channel News. 6.10 Ladies First. 10.28 Channel Late News. 11.30 Streets of San Francisco. 12.20 am News and Weather in French, followed by Epilogue.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 5.15 Emmerdale Farm. 6.00 Grampian Today. 6.30 Police Newsroom. 11.30 Barnaby Jones. 12.25 am Reflections. 12.30 Grampian Late Night Headlines.

GRANADA

1.20 pm This Is Your Right. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 The Cuckoo Waltz. 11.30 [illegible]

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 Help Yourself. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 11.30 The New Avengers.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.20 Miri Mawr. 4.30-4.45 Un Tro. 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and Road Report. 2.00 Women Only. 5.15 Batfink. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Sounds of Britain. 11.30 Late Call. 11.35 Police Surgeon.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 3.50 Stars On Ice. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day By Day. 6.35 Scene Mid-Week (South East Area only). 11.30 Southern News Extra. 11.40 Shannon's Mob.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 2.00 Women Only. 5.15 Happy Days. 6.00 Northern Life. 11.30 George Hamilton IV. 12.00 Epilogue.

ULSTER

1.20 pm Lunchtime. 2.40 Sportscast Special: Republic of Ireland v. N. Ireland. 4.55 Ulster News Headlines. 4.57 The Flintstones. 5.20 Crossroads. 6.00 Reports. 6.29 Sportscast Special. 11.30 Look and See. 11.45 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 Emmerdale Farm. 6.00 Westward Diary. 10.28 Westward Late News. 11.30 Streets of San Francisco. 12.20 am Faith For Life.

YORKSHIRE

1.20 pm Calendar News. 5.15 Gambit. 6.00 Calendar (Emley Moor and Belmont editions). 11.30 Elaine, the Singer of the Song.

RADIO 1 247m

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 7.30 Listen to the Band (s) (joins vhf). 9.02 As Radio 2. 10.02 John Peel (s). 12.00-2.02 am As Radio 2.

VHF RADIOS 1 AND 2: 5.00 am With Radio 2, including 1.55 pm Good Listening. 7.02 Sing Something Simple (s). 7.30 Listen to the Band (s). 8.15 Semprini Serenade (s). 9.02 With Radio 2. 10.00 With Radio 1. 12.00-2.02 am With Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Tony Brandon (s) including 6.15 Pause for Thought. 7.32 Ray Moore (s) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (s). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (s) including 1.45 Sports Desk. 2.30 David Hamilton (s) including 2.45 and 3.45 Sports Desk and Racing from Ayr. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (s) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 European Soccer Special: Denmark v. England. 9.02 The Fred Astaire Story. 9.55 Sports Desk. 10.02 Offbeat with Braden. 10.30 Hubert Gregg says Thanks for the Memory. 11.02 Brian Matthew introduces Round Midnight, including 12.00 News. 2.00-2.02 News Summary.

RADIO 2 SCOTLAND ONLY: 7.02-9.00 pm Sportsound Special: Austria v. Scotland.

RADIO 3 464m, Stereo & VHF

†6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (s). 8.00 News. 8.05 Your Midweek Choice, part 2 (s). 9.00 News. 9.05 This Week's Composers. Albeniz and Granados (s). 10.00 Manchester International Organ Festival 1975 (s). 10.45 Schubert piano recital (s). 11.45 BBC Northern Symphony Orchestra (s). 1.00 pm News. 1.05 Concert Hall (s). 2.00 The Symphonies of William Alwyn (s). 3.00 Leeds International Piano Competition 1978 (s). 4.00 French Chamber Music (s). 5.05 Building a Library of records (s). †5.45 Homeward Bound. †6.05 News. †6.10 Homeward Bound (continued). †6.30 Lifelines: Language and Communication. 7.30 Edinburgh International Festival 1978, part 1: Schoenberg (s). 8.00 The Arts Worldwide. 8.20 Edinburgh International Festival 1978, part 2: Mahler (s). 9.35 Scientifically Speaking. 10.20 Pablo de Sarasate concert (s). 10.50 Piano Recital (s). 11.45 News. 11.50-11.55 Tonight's Schubert Song (s).

RADIO 3 VHF ONLY: 6.00-7.00 am and 5.45-7.30 pm Open University.

RADIO 4

434m, 330m, 285m and VHF

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today: Magazine, including 6.45 Prayer for the Day. 7.00 and 8.00 Today's News. 7.30 and 8.30 News Headlines. 7.45 Thought for the Day. 8.45 A High Wind in Jamaica. 9.00 News. 9.05 The Living World. 9.35 The Enthusiasts. 10.00 News. 10.05 In Britain Now. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 The Image Makers. 11.50 Letters from Everywhere. 12.00 News. 12.02 pm You and Yours. 12.27 Share and Share Alike. 12.55 Weather, programme news. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre (s). 3.50 Choral Evensong. 4.35 Story Time. 5.00 PM Reports. 5.40 Serendipity. 5.55 Weather, programme news. 6.00 News. 6.30 My Music (s). 7.00 News. 7.05 The Archers. 7.20 File on 4. 8.00 Theatre Workshop. 9.00 Science Now. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Round Britain Quiz. 11.00 A Book at Bedtime: "The Turn of the Screw." 11.15 The Financial World Tonight. 11.30 News.

BBC Radio London

206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In, including 1.00 London News Desk. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 In Concert: Liszt Festival of London 1977. 10.03 Late Night London. 12.00-Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

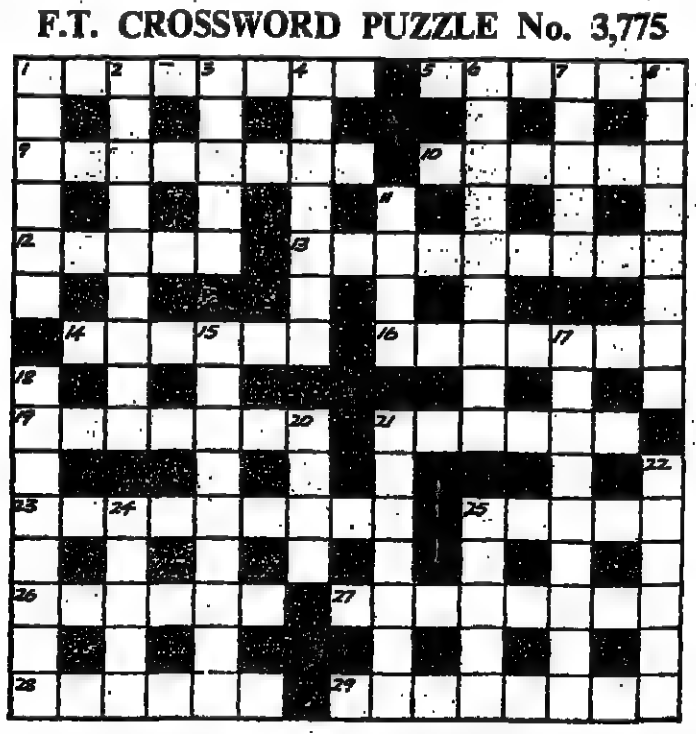
5.00 am Morning Music. 6.00 AM: non-stop news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'clock Call. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

194m and 95.8 VHF

6.00 am Graham Dene's Breakfast Show (s). 9.00 Michael Aspel (s). 12.00 Dave Cash (s). 3.00 Roger Scott (s). 7.00 London Today (s). 7.30 Adrian Love's Open Line (s). 9.00 Nicky Horne's Your Mother Wouldn't Like It (s). 11.00 Tony Myatt's Late Show (s). 2.00 am Duncan Johnson's Night Flight (s).

F.T. CROSSWORD PUZZLE No. 3,775



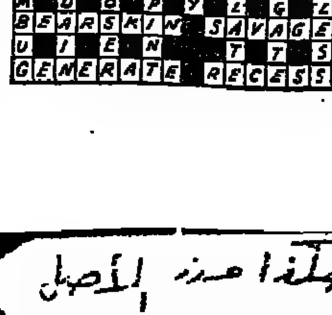
ACROSS

1 Warder takes cover on the bottle (5, 3)
5 Going to share wooden remnant (6)
9 Fashionable industry regarded as rough joke by Exchange (3, 5)
10 At full speed with no black-legs (3-3)
12 Try two points for instance (5)
13 Less than justice from unplaned timber (5, 4)
14 Cowardly to use long pole (6)
16 Go down as beginner (7)
19 A river cooker to order (7)
21 Share sailor has in a temporary home (6)
23 Rejection of Dutch capital is connected with book for the masses (9)
25 Tack for university men to note (5)
26 Unconcerned with ethics of having viva in the morning (6)
27 Female gangster in her youth (8)
28 Character of landlord (6)
29 Lightning runner getting right out of the habit (8)

DOWN

1 First striker at Wimbledon (6)
2 Official recorder working as hospital doctor (9)
3 Harry has quarrel when upset over railway (5)
4 Fire dog as well as club (7)
6 Poker hand to delight box-office manager (4, 5)
7 Spice a great many adore (5)
8 Truly tea is a change when serving as guardian (8)
11 Blow this for pastry (4)
15 Air of opening one in the small hours (9)
17 Passed on animals and farm machinery (4, 5)
18 Game to see one's cards before dance (8)
20 Not demanding to be comfortable (4)
21 Prophet who gets things out of hand (7)
22 Conductor becomes QC (6)
24 Drink to southern solicitor (5)
25 Oriental (smooth-spoken) turned up some rubbish (5)

Solution to Puzzle No. 3,774



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طبق الأصل

Television

Flag waving in Milan

by CHRIS DUNKLEY

HE winning by London Week-nd Television of this year's rix Italia for television music rogrammes is enough to turn ven the most unpatriotic and eptical of critics into a national ag waver. The achievement is, i its own, impressive enough. fter all, the Prix Italia is not le of those sales conferences here broadcasters get together show their latest run-of-the-ill series and incidentally dish it a prize. This is television id radio's equivalent of litera-re's Nobel prizes, and the lead-g broadcasting organisations of e world submit their very best ogrammes.

The standard this year is by mmon consent, quite a lot gher than usual. Of the 16 itries none was laughably hope-ss (which has not always been in other years when Tourist ard promotion stunts have rned up in the music section), d only Austria's offering of e "New Year's Concert," that miliar Strauss extravaganza, is completely old hat.

All the others were more or s worthy contenders, so LWT's ccess with Derek Bailey's llet programme about *Mac-llan's Mayerling* was, I repeat, pressive enough in itself. But is the cumulative effect of this umph when added to those of e past few years which en-urages the tendency to wave e flag and shout that here, yway, is something in which e British can show others the y.

There are only three Italia izes for television each year: e for drama, one for docu-entary, and one for music. Last ar's *Prix Italia* for music also nt to ITV, Thames Television nning it with *St. Nicolas ntata*. The year before ITV n the drama and the documen-y prizes with Thames's *Naked il Servant* and the same com-ny's *Beauty, Bonny, Daisy, olet, Grace and Geoffrey rton*, in other words ITV has en four out of the last seven lia Prizes (there being two egories still to be judged and nounced this year). That alone uld put Britain first in the rld.

But the BBC also competes, of irse, and in the year before ames' double victory they set trend by winning both the ma and documentary prizes h *Just Another Saturday* and y. So taken altogether British npetitors have walked off with out of the last 10 Italia zes: Unquestionably a unique ievement. The interesting stion is, why?

he answer seems to me to in the British Broadcasters' proach to their audience. ough you do hear accusations Britain that this or that pro-mme is "elitist," or com-nts that a play or discusion "obscure," on the whole tish broadcasters do make grammes which acknowledge t television is a *mass* medium.

his is not to say that they are ile or that they pander to brow demands. Britain's list talia Prize winners proves it, y manage to present subjects ch are complex or highly otional or even taboo in such ay that they are not simplified absurdity; yet do appeal to ge audiences. Better still, very en they do all that and are hly entertaining too.

he Naked Civil Servant, ch is the eye-opening and ormative biography of an ibitionist tranvestite homo-ual, was a huge popular cess and generally found to entertaining. *Joey* achieved similar combination of in-nation, emotional appeal, and ertainment though set in a ital hospital.

Even this year's *Mayerling*, which certainly did not meet with my full approval when it was seen in Britain in June by an audience of 4.7m, does prove on a second viewing to be an extremely clever combination of information and entertainment. (And, provided you can see it as a programme "about" ballet and not primarily as the televis-ing of a repeatedly interrupted performance, one of the best ballet programmes ever.)

This quality of entertainment all too often shines like a beacon among the more esoteric and sombre entries. It is not just that nine out of ten of this year's programmes seem to have been concerned with death and retribution though that does become tedious and dispiriting. The fact is that the Italia atmosphere tends anyway to be somewhat intense. Each year a meeting of experts of one sort or another is held as a part of the Festival and theoreticians ex-change ideas. It is not an un-common sight to find broad-casters or journalists reading through their published addresses with expressions of utter bewilderment.

Sometimes this is because translation and/or typing errors produce such hilarious nonsense as "low-brow 'soap opera' can leal to middle-brow gabworthy." But more often it is over such claims as "the popularity of the quiz programme ... attests to the willingness people have to give evidence of their member-ship of a cultural group." (When all the time you and I thought it attested to their willingness to win a new car or watch some other lucky devil do it.) In that sort of context the more dense and solemn programmes do not seem particularly out of place.

Yet really they ought to because all of them are made for tele-vision.

Fortunately for British broad-casters, the majority of jury members seem to realise this, hence the high success rate of British programmes which are not only technically excellent, but which do have the virtues of recognising the demands and characteristics of the medium and the audience for which they are intended.

That could not, in my view, be said of Belgium's music entry this year: a recital by soprano Cathy Berberian which relied upon the one joke of sending up over-serious song recitals. The point is not that Dudley Moore does it so much better, or even that it was quite unremarkable "televisually," but that it is a particularly intimate form of entertainment which demands a live audience to succeed.

Nor could it be said of a very ponderous East German piece which hoped to "communicate to the audience emotionally and more directly" Goethe's *Egmont* and Beethoven's incidental music.

Nor, even, could it be said of Westdeutscher Rundfunk's *Emperor of Atlantis* although the jury gave this opera the RAI Prize, a secondary award pre-sented for some specific quality—in this case "sensitive handling of a social subject." The point about this work (directed by John Goldschmidt and refused produc-tion by both BBC and ITV before he took to Germany) is that it was written in 1943 inside Theresienstadt, the Nazi's "model" concentration camp. The composer and librettist both died in Auschwitz. It conse-quently has a powerful appeal on the conscience.

However, I believe it can be said of the Russians' *Galatea*, a ballet danced to variations on the score of *My Fair Lady* and transposing the *Pygmalion* story from speech to dance. (Don't expect to see it. Certain copy-right considerations which appar-ently do not worry the Russians make it highly unlikely it will be publicly shown in the West).

And in particular it can be said of NHK Japan's *Spirit of the Ancient Tree*. As British juror Walter Todds, senior pro-ducer BBC music programmes (who will be known henceforth as Toods since that was how his name was announced through-out the festival) said of the Japanese entry: "It did throw everything in." And it did: God, computers, electronic music, non theatre, modern dance, and a tendency to fade to white. Yet it was exciting, it was clearly thinking about its audience, and it obviously intended—and for me managed—to entertain.

The Drama entries, of which we have seen 12 at the time of writing with seven to come, are a more consistent lot than in some years. It does seem in drama that the exceptions—both the very good and the very bad—are becoming fewer and farther between. The interna-tional forces at work in television really do seem to have brought about a higher shared standard, at least in the spectrum.

Yet, as at every festival of this sort, there is one programme which has become the butt of all the jokes, and which is invoked feelingly by jurors and critics alike as the lights in the viewing rooms go down for the third 90 or 100-minute drama of the morn-ing. It is the Jugoslav entry called *I was biting the darkness*. By the time we hear the documentary results on Saturday we shall have bitten a lot of darkness.

David Wall and Lynn Seymour in 'Mayerling'

Young Vic

Ubu by B. A. YOUNG

Jarry's *Ubu* plays are a load of nonsense, and anyone who tries to graft any meaning on to them, sociological, political, religious or anything else, is wasting his time. There was some significance when it first appeared in 1896, for such whole-sale mockery of life had hardly been seen since Swift: and besides, the play began with the notorious "*mot d'Ubu*," which is *merdre*, the extra letter preserv-ing it from flat indecency. But the targets of Jarry's mockery have long since been knocked flat, and the plays survive as handy vehicles for slapstick fun.

Peter Brook's production, which opened just less than a year ago in Paris, uses slapstick of the highest quality. It is played only on the open stage, with a minimum of furniture. In *Ubu Roi*, the first play, there are two empty cable drums that serve any purpose from a throne to an armoured car as necessity suggests, but that is all. The action, which has a look of wild disorder, spills over the edge of the stage sometimes, even in-volving the audience, who may find themselves asked to balance a candle on the head, or need to dodge barrages of oranges and banana peel.

Disorder like this can only be the result of tight control. You could say that a company of children acting the same ridi-culous story might behave much as this company does; but where the genius lies is in finding out the appropriate childishness and playing it effectively. Andreas Katsulas especially, who plays Ubu, is a superb comic, express-ing without ever representing the various facets of a character in whom it is neither possible nor needful to believe, and the whole company are as adept at foolery as old-time comics like the Three Stooges.

It is interesting that some of the play seems to go against what the company learnt on their African safari. There, they found that there should not be refer-ences to matters that would be familiar to the players but not to their audience. In Ubu there are unmistakable references, the principal being a strong hint of Groucho Marx in the Tsar of Russia. I suppose you can be sure that Groucho is a familiar figure at any rate in the U.S. and Western Europe, but it would be interesting to know if the same reference would be kept in if the company played in, say, Enugu.

I haven't said anything about what the play is about, for it hardly matters. Ubu is a French working-man who in Ubu Roi is prompted by his wife to assassi-nate the King of Poland and mount the throne. No problem. He then decimates the Poles and seizes their wealth, but a dis-satisfied noble gets the Tsar to declare war, Ubu is defeated and he and his wife sail back to France. In the second play, Ubu Enchaine, Ubu decides to become a slave and gets entangled with an anarchist bunch devoted to disobedience. After having been condemned to life in the galleys of a sultan, the sultan recognises him as his brother. In the end Ubu realises that the only truly desirable master is his own stomach, and the evening ends with a song.

The French text, which is somewhat cut, is interlarded from time to time with some words of English to keep the monoglots in touch with events. But the plot doesn't really matter; it's the fooling of the company that is such fun.

Leonard Burt

Andreas Katsulas (at back) and members of the cast

Elizabeth Hall

Contrapuncti

by DOMINIC GILL

Michael Lankester's Contra-puncti came to the South Bank for their first concert of the new season on Monday with a typically enterprising pro-gramme, but with performances somewhat less than typically assured.

The concert was divided between Janacek and Stravinsky: two works by each, all of them from the composers' later years. The programme was further linked and unified by the instru-mentation of Janacek's *Capriccio* and Stravinsky's *In Memoriam Dylan Thomas*, which include important ensembles for three and four trombones respectively. And there's the rub: Contra-puncti's trombonists were not (to put a kind edge on it) unfail-ingly exact in matters of both tone and intonation. The pianist, Ian Brown, was fluent in *Capriccio* but rhythmically un-stable. The result was a pair of sadly unincisive performances: the Janacek without any kind of authentic blend of yearning and exultation; the Stravinsky kept aloft only by the spirited singing of Robert Tear.

Stravinsky's Cantata of 1952, which opened the evening, was similarly uneven in effect: splen-didly sustained in patches, particularly by the two soloists Margaret Cable and Robert Tear, notably in the marvellous "Westron Wind" duet, and by the charming young chorus of the RCM Junior Department, but instrumentally slack, without conciseness or fine rhythmic pointing. Best were Janacek's *Nursery Songs (Rikadla)*. The evening woke up: gestures be-came bigger and brassier; there was more sparkle, more whimsy, more indulgence to the sound.

Contrapuncti's next Elizabeth Hall concert, in November, mixes two new commissions from Gordon Crosse and Erika Fox with music by Percy Grainger.

Festival Hall

London Schools

by NICHOLAS KENYON

Fresh (and that is, fortunately, the right word) from its recent tour of Scandinavia, the London Schools Symphony Orchestra presented a mixed bag of Swedish and British music at the Festival Hall on Monday. The Swedish selection was unnecessarily trivial: a Berwald Overture, a frothy Divertimento by Larsson, and the Grieg Piano Concerto—played not by a promising youngster, but by the ILEA's Piano Organiser, John Bigg. Why?

The British pieces were as numerous, but altogether more interesting. Britten's *Sinfonia da Requiem* made a dramatically impassioned impact under Steuart Bedford's firm direction; strings stayed as rich and full-bodied as they had been in the Grieg accompaniment, while wind and brass took on an incisive edge which was never allowed to become vulgar or overblown. Two fanfare-like miniatures framed the concert: Bruce Cole's new *Intrada* blew the LSSO on to the platform, while David Bedford's lively *Alleluia Timpanis* whisked them off in a flurry of half-heard medieval melodies and misty harmonies, whipped up to an effectively rumbustious climax.

Throughout the whole miscellaneous evening, the orchestra showed a unanimity of expression and articulation such as one had no right to ex-pect from a non-permanent ensemble. These cannot have been all the same schoolchildren I heard in this orchestra two years ago under Simon Rattle, yet the cohesion and dedicated enthusiasm of the ensemble seemed to show a direct develop-ment and improvement—a tribute both to the players and to the teaching staff of the Inner London Education Authority. More concerts, but better pro-grammes, please.

Hammersmith Odeon

Emmylou Harris by ANTONY THORNCROFT

Emmylou Harris ought to be the most irresistible force in popular music. She looks smash-ing, collects around her fine musicians, chooses good songs, and fuses the best elements of Nashville country and Cali-fornian soft rock. Linda Ron-stadt might make the gossip columns, but Emmylou Harris produces the better albums.

With this mass of advantages it was inevitable that her Monday concert should be a disappoint-ment. Yet it could so easily have been as great a success as her debut two years ago when she played just about the best music of 1976. The problem, as in so many concerts, was with timing. After almost an hour of Guy Clark (and an interval), and an hour of Rodney Crowell (and an interval), it was past ten-thirty when Emmylou started her set. As open spaces appeared in the stalls as people escaped to last trains it was criminal that some-one had not produced a better balanced show or warned Emmy-lou that Londoners have no night life.

There should have been trim-ming all round, especially for Rodney Crowell, an inveterate guitarist in the Emmylou Harris Hot Band and here given his own spot. She actually joined him after half-an-hour or so, but in-stead of taking over and keeping the momentum going there was another break so that she could change from jeans to white lace and then the same band reassembled with very much the same music.

Even through the fatigue her qualities showed. She is perhaps best on those slow ballads that are the golden syrup of country music, such as *Making Believe* and *Together Again*. Everyone was perhaps too tired to jam as forcefully as usual on songs like *Luxury Liner* and *Feeling Single, Seeing Double*, and the real loyalties of the audience were most apparent when the band left the stage for Emmylou to sing solo the Dolly Parton jerker *To Daddy*.

Where most other country singers go over the top on senti-ment and oil their public too liberally Emmylou Harris keeps her roots in rock, in the rhythms. With narrative ballads like *Poncho and Lefty* there is no competition as she wrestles with her king-sized guitar, sweeps back her hair, and sings out, a vulnerable but self-possessed figure. The voice may be slightly reedy; the guitar work slightly precise; but as a package she is irresistible—at least while the trains run.

Emmylou Harris

An 'Emmy' for The Muppets

Jim Henson's *The Muppets Show* has added to its acclaim in the U.S. by winning an "Emmy" award—the television equivalent to the film "Oscar"—for "Outstanding Comedy-Variety or Music Series."

w End

Vould The Real Judy Garland Please . .

by MICHAEL COVENEY

dmiration of Judy Garland the odd and (to me) in-licable side-effect on some of fans of wanting to become There is something in her h, rise-above-it-all stage nd that elicits a maudlin sk of identification with her med, frantic brand of escent heroism.

once heard of a holiday camp e-manager who, on the day and died, stood on a dark e for hours, tears streaming n his face, while he mimed to records and, needless to say, mpty house.

Much the same instinct is at work in this late-night piece of facile hagiography devised by Terry Jacobs and Elaine Loudon. Miss Loudon plays the hostess of a gay Los Angeles bar who asks, in effect, why, if bluebirds fly over the rainbow, can't she? After a false, embarrassing start with a male drag Garland, Miss Loudon assumes centre-stage to adopt a succession of well-observed poses and vocal effects.

A medley from *The Wizard of Oz* is followed by a couple of mutilated Gershwin classics from which Garland emerges waving her fists at Vincente Minnelli and stripping down to that famous black leotard. The rest of the show is built round her liaison with Sid Luft, and it clashes, inevitably, into choppy realistic waters with Garland freaking out on the floor and mutilating a rag doll. The symbolism of this later action escapes me.

Miss Loudon sings well enough, her voice least like her model's in the upper register, and there is a jaunty jazz quartet led from the piano by Alexis Pope.

Debenhams concerts at the Wigmore Hall

Debenhams are to sponsor a series of concerts at the Wigmore Hall this autumn and winter. Although well established in the sports sponsorship field, Deben-hams involvement in arts sponsor-ship has been limited to date. However the group's first series of Wigmore Hall concerts last winter was such a success that they have decided to repeat with a new programme commencing October 7.

Concerts include a duo guitar recital with Julian Bream and John Williams, a Mozart Evening with the Gabrieli String Quartet, a Jazz Evening with Stan Tracey and an evening of Victorian Songs and Ballads with Robert Tear and Benjamin Luxon.

Full details and tickets can be obtained from agents Harold Holt, 134 Wigmore Street, W.1. (tel. (01) 935 2331)

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Wednesday September 20 1978

Worse than a crime

IT IS POSSIBLE to defend the introduction of economic sanctions against Rhodesia thirteen years ago on two grounds. The first is that the British Government genuinely believed that they might work in the sense of bringing Mr. Ian Smith to the negotiating table and reaching a settlement. The second—and more questionable—defence is that in the light of world, and especially African, opinion it was necessary for the Government to be seen to be doing something to show that it was opposed to UDI—even if the success of British policy was by no means assured. Since the Government was unwilling and perhaps unable to use force, economic sanctions were the only alternative.

Hypocrisy

Indeed had either the Tiger or the Fearless talks ended in an agreement that fulfilled the six principles for Rhodesian Independence, the policy might have been said to have been a brilliant success. By October 1968, however, when the Fearless talks broke down it was clear that not only were sanctions not working, but also that they were unlikely to work in the future unless measures were taken to stop the supply of oil. So much was obvious to observers even at the time, but where observers went wrong was in believing that the poor British Government was doing the best that it could, only to be foiled by unscrupulous foreigners and oil multinationals.

It has taken the Bingham Report to bring out the extent to which that belief was naive. The British Government not only knew—as early as 1968—that sanctions were not working: it also knew why they were not working: and it connived in their breach. Moreover, until very recently, the Government sought to preserve the fiction that this was not the case. The Royal Navy frigate was maintained off Beira—at tax payers' expense—even though the Government knew that that was the one place where oil was unlikely to be delivered because there were secure routes elsewhere. At the same time, successive British Governments continued to deny right to the end that either they or British companies were involved in any form of sanctions-busting.

The charges against the Government are several, but they can be reduced to two broad heads: hypocrisy and incompetence. The hypocrisy is at its most blatant in the case of the Beira patrol. It also runs through all those statements over the years to Parliament, to the Commonwealth Sanctions Committee and to the UN that somehow British hands were clean. Such statements can now be seen to have been false, and there were people—indeed there are still people—at the heart of British government who knew them to be so.

The incompetence is not the usual bumbling variety; it is on a massive scale. It is said that at the beginning the first Wilson Government did not know what was going on because it had not been informed by the oil companies. Even that is a poor excuse: a government that was intent on enforcing sanctions would have made it its business to find out, and it could perfectly well have made known its wishes to the companies concerned. Worse was to follow. The Government actually connived in a deal that allowed, even facilitated, oil to reach Rhodesia by non-British sources. As Bingham remarks, that alone was sufficient to foster the belief among those involved that compliance with the Sanctions Orders was "to be regarded as a matter of form rather than substance."

The first Wilson Government subsequently came to the conclusion that sanctions would only work if they were extended to South Africa, a policy that would have required a naval blockade. It took the view that British economic interests in South Africa were so great that such an approach could be scarcely even considered. Yet the corollary of that was that sanctions had failed and would continue to fail in the future. The Government refused to face up to that logic. It sought to maintain the fiction that sanctions were being enforced in an effort to persuade Black Africa that something was being done. It turns out, however, that some of the African leaders whom Britain was trying to impress were among the first to see through the pretence. Their suspicions have now been upheld by the Bingham Report. Britain, meanwhile, is left looking not only foolish, but dishonest.

Inquiry

There is talk now of prosecutions. Yet the first requirement is for the release of the official documents which should show how such appalling incompetence and deception was allowed to go on. If necessary, there may have to be a public inquiry. For if the Bingham Report has performed a service that goes beyond exposing the avoidance of sanctions, it has shown that the secrecy which surrounds the official decision-making processes in this country can destroy the quality of government.

Big strategic interests at stake in Nicaragua

BY HUGH O'SHAUGHNESSY, Latin America Correspondent

TOMORROW THE foreign ministers of the Western Hemisphere meet at the headquarters of the Organisation of American States in Washington to consider the increasingly serious conflagration in Nicaragua.

In the space of the past few days the crisis in Nicaragua has escalated from a small emergency in a country about which the outside world knew and cared little to a conflict which threatens to inflame an area where the U.S. and Soviet-aligned Cuba feel they have vital strategic interests at stake.

All the countries of the region are watching the fighting in Nicaragua carefully and calculating how victory for one side or the other could change the local balance of power. Venezuela's action in sending some of its Canberra bombers to the Nicaraguan border has dramatically illustrated how serious and widespread are the repercussions of the actions of the left-wing Sandinista guerrillas against the Government of General Anastasio Somoza.

President Somoza

Interests of the family

At stake in Nicaragua itself are the interests of the Somoza family which has ruled since the early 1930s. Then the present Nicaraguan president's father, the late Anastasio Somoza père, was put in command of the National Guard and in effective control of the country by the U.S. Marines who were winding up a period of military intervention in the country. Over the past three-and-a-half decades the Somoza family has established itself as a powerful dynasty. The first Somoza bequeathed power to his elder son, Luis, who on his death passed the presidency to the present incumbent who in his turn is grooming his son, yet another Anastasio, to take over. The entrenched position the family has achieved has brought them great riches and a commanding position in the economy, two factors which have been increasingly irksome to radicals of the Left and to independent business on the Right. The Somozas did little to increase their popularity by juggling international relief funds and land values after the 1972 earthquake which destroyed the capital, Managua.

From the time of the earthquake, the left-wing Sandinista movement stepped up its campaign of kidnappings, bank robberies and hijackings in an effort to topple the Somozas. The Right was a great deal slower off the mark but this year moved into action decisively. It was outraged, on the one hand, by the murder of a leading Conservative Party critic of the Somozas, Sr. Pedro Joaquin Chamorro, editor of the Managua daily La Prensa, and also afraid that the Sandinistas' mounting cmpaign would leave the world of business without influence.

Last month General Anastasio Somoza began to be caught in a pincer movement as the Sandinistas staged their attack on the National Palace in Managua, escaping with great publicity and a very large ransom, while businessmen mounted a strike which in much of the country is still going on.

As the Sandinistas continue their armed rebellion which Somoza's 7,500-strong National Guard has been impotent to stifle, the countries of the Caribbean basin are taking up their positions for or against the Nicaraguan ruling family.

Firmly in the pro-Somoza camp are Nicaragua's three northern neighbours, El Salvador, Honduras and Guatemala—all run by military-dominated governments and all as unsympathetic to the Left as is Somoza. These three and Nicaragua are bound together in the Central American Defence Organisations (CONDECA) which has in the past planned joint manoeuvres. General Somoza has publicly warned the world that he will call on his CONDECA partners to help in his struggles with the Sandinistas. The Sandinistas report that Salvadorean, Honduran and Guatemalan troops have already crossed into Nicaragua and are supporting the National Guard in its operations in the northern towns. The sending of CONDECA troops to Nicaragua would be in line with the desire of the other three CONDECA governments to crush any anti-Somoza movement which could in the future come to the aid of reformist or revolutionary forces in their own territories.

Against Somoza are ranged more powerful forces. The Parliamentary Government of President Carlos Andrés Pérez, like other Venezuelan governments in the past, has not concealed its distaste for Latin American military dictatorship.

Having had searing experiences when Venezuela itself underwent military dictatorship, Venezuelan civilian governments have been willing—and, with their oil revenues, able—to support moderate political forces fighting military regimes.

It was therefore not surprsing that President Pérez personally ordered a Venezuelan Hercules transport to Managua to evacuate Sandinistas after their seizure of the National Palace last month or that he ordered the Canberras to Central America. In a piece of lightning diplomacy the Venezuelan Foreign Minister, Sr. Simón Alberto Consalvi, last week-end signed a defence agreement with Nicaragua's southern neighbour, Costa Rica, whose parliamentary regime shares much of Venezuela's dislike of General Somoza but which has not got an army. Having abolished its army some years ago, Costa Rica is defenceless against raids being mounted across its northern border by Nicaraguan National Guardsmen in search of Sandinista sympathisers in Costa Rica.

The document signed by Sr. Consalvi and Sr. Rafael Calderon Fournier, the Costa Rican Foreign Minister, does not mention Nicaragua by name but no one could doubt who the two ministers hold responsible for the "hostile attempts against the sovereignty and territorial integrity of Costa Rica which affect the peace of that sister nation and represents a danger for the maintenance of peace in the region" which are mentioned in the preamble to the pact. There are moves in Caracus to send volunteers to help the anti-Somoza forces.

The Venezuelan distaste for General Somoza has been heartily reciprocated and in an impetuous outburst in one of his recent Press conferences the Nicaraguan President made the astonishing statement that he held President Perez responsible for any future bloodshed in Nicaragua.

Such action could turn out to be a costly mistake for him. Venezuela's oil revenue gives it strong leverage in international financial councils, a leverage which will be used discreetly against the Nicaraguan President. September is the month when much personal and corporate tax falls due and the disorder has meant that General Somoza's coffers have not been replenished as liberally as he would have liked.

Venezuelan assistance

Nicaragua has with the other countries of the isthmus also been the recipient of special financial assistance from Venezuela to help with the problems of the 1973 oil price rise which hit the Central Americans particularly hard. Under an aid scheme the Venezuelans agreed to lend to Central American purchasers of Venezuelan oil part of the cost of the oil.

Given these financial considerations, General Somoza's decision to vituperate against the Venezuelan leader—even before the fighting started—appears particularly ill-judged.

Ranged with the Venezuelans and the Costa Ricans are the Panamanians. Though Panama has no effective Parliament and is ruled by General Omar Torrijos, head of the Panamanian National Guard, the Panamanians share a dislike of Somoza and have sympathy for the forces which are trying to topple him. Gen. Torrijos is sending military helicopters to Costa Rica.

Hovering in the background is the Castro Government in Cuba. For years this has provided moral support and office space in Havana for the three — often mutually hostile — factions of the Sandinistas. Though Havana doubtless thinks that any overt and direct military help to the Sandinistas operating in Nicaragua at the moment would bring them more problems than it would solve—and is thus not seen to be sending arms to the insurrection—it is unlikely that President Castro will stand aside completely and allow the Venezuelans to harvest the credit for trying to topple Somoza. Castro is an avowed enemy of Somoza, who allowed part of the Bay of Pigs invasion against Cuba to be prepared and launched from Nicaraguan bases. During his visit to Ethiopia last week, Castro pledged his support for the anti-Somoza forces.

The fighting in Nicaragua and the political cross-currents in the region have created difficult problems for the U.S. Nicaragua occupies an important, though not vital, geographical position in an area about which Washington is always very sensitive. In the middle of the last century many travellers who wanted to go from New York to San Francisco by the quickest means found themselves crossing the Central American isthmus via Nicaragua and continuing by sea to California. A trans-isthmian canal might well have been dug in Nicaragua rather than in Panama, and the route has not been entirely forgotten by those who are thinking about a replacement for the Panama Canal.

Having installed the Somozas, Washington looked after them until comparatively recently, calculating that they were bastions against Communism. This was most dramatically demonstrated when U.S. forces from Southern Command headquarters in Panama took charge during the earthquake relief effort. While they relieved suffering they also served as a useful prop for Somoza at a potentially dangerous moment.

Now, however, the Nicaraguan situation is a painful embarrassment to Mr. Carter as he pursues his human rights policy. Washington wants no more of Somoza but is still fearful of seeing a Sandinista government taking over in Managua—despite the fact that the Sandinistas have given assurances that they do not want to instal a Marxist-Leninist, anti-U.S. government in Central America.

Because of the ambivalent U.S. attitude, Washington has given the impression of sitting on its hands, infuriating Somoza by its refusal to send him military aid in an emergency, while leaving the anti-Somoza forces dissatisfied with U.S. unwillingness to follow up its declarations about human rights with effective actions against a persistent offender against these declarations.

Washington is implementing what little policy it has towards Nicaragua by stealth. One can surmise that the U.S. is backing much of Venezuelan policy towards Somoza, and Washington's hand may well be behind the reported decision of the International Monetary Fund to withhold a 40m SDR stand-by credit that the Somoza Government urgently needs to shore-up government finances badly hit by the business strike and the fighting.

Meanwhile as the fighting continues there is another less-remembered victim of the chaos, the Central American Common Market. Still suffering the effects of the "Football" war between Honduras and El Salvador in 1969, this Common Market has not been in robust health for a long time. Chaos in Nicaragua, geographically the largest member of the grouping, is the last thing it wants.

Tougher times in Holland

THE NETHERLANDS has for long been regarded as one of the leading models of a prosperous, modern welfare state. When international discussions are held on boosting the world economy, it is usually automatically assumed that the Dutch will be among the smaller, more successful nations that can make a contribution to helping their less fortunate partners. So it is perhaps not too surprising that the persistent alarm bells that have been ringing for many months in the Dutch economy have not been more widely heard. As Queen Juliana put it in her speech from the Throne to the Hague Parliament yesterday, "the fact that the economic position of our country gives rise to concern is not sufficiently understood."

Centre-right

The fact is that the country's economic problems have grown so steadily in recent years that firm action can no longer be postponed—as the new Centre-Right Government seems to have recognised in presenting its first budget yesterday. A highly, perhaps over-valued guilder and escalating wage and production costs are threatening to price Dutch industry out of the international markets on which the country depends for its livelihood.

Inflation, at 4.5 per cent, is low by British standards, but uncomfortably higher than the rate in Germany, the Netherlands' main trading partner. Unemployment has risen above the 5 per cent mark and the growth rate is running well below the 3.5 to 4 per cent that the country was used to for so long. After years in which the welfare state has been steadily developed the realisation is dawning that the country can no longer afford such high levels of public expenditure.

In yesterday's budget, the Government is attempting to tackle the problem from both ends. Acknowledging that priority must be given to a reduction in unemployment, it is proposing a record budget deficit, equivalent to 6 per cent of national income, and increased public spending. The hope is to maintain economic growth at around 3 per cent next year and at the same time make a small contribution to international economic recovery. But the Government is equally stressing that the deficit is the "uttermost limit" and will not be repeated in the future. On the contrary, this year's budget is meant to mark the start of a three-year exercise that should significantly curb growth in public expenditure by 1981.

A further major plank in the programme is wage restraint, for which the Government again appealed yesterday. The Dutch trade unions have shown considerable responsibility in exercising wage restraint in recent years. But they have only done so in exchange for what they see as the social benefits that have flowed from the advance of the welfare state and the policies of a Socialist-led Government. Now, spending cuts will reduce health facilities and social security benefits. The centre-right Government, while proceeding with some of the legislation it inherited from its centre-left predecessor, has not met all the unions' demands on favourite projects such as worker participation and profit-sharing. So far the unions have been holding their fire. But there must be a risk of a major confrontation when the next round of wage bargaining gets under way early next year.

MEN AND MATTERS

Singing the Taxation blues

U.S. Congressmen who believed they had been confronted by every possible form of persuasion are, if not jiving in the aisles, at least gently tapping their feet to the sound of a song called The Old Risk Capital Blues. A cassette recording of this number has been distributed to every senator and representative in Washington.

The Old Risk Capital Blues is the work of a 38-year-old former Harvard professor and electronics executive rejoicing in the less-than-euphonious name of Ed Zschau. Zschau is chairman of the American Electronics Association and branched out into music when he found himself lobbying on behalf of the association's Task Force on Capital Formation.

"The Old Risk Capital Blues," says the self-deprecating Zschau, "was composed with my tongue in my cheek and unfortunately it probably sounds as though it was sung that way too." I feel he is too modest. His blues have that whiney-yet-abrasive tone which distinguishes the work of that other practitioner, Bob Dylan. Here is a sample stanza, in case anyone in the Stock Exchange feels inspired to imitate the Zschau style:

"We've got to cut the gains
tax rate/
And risk investment stimulate,/
Which will cause/
All across our nation/
Cheers of jubilation/
New job creation/
Foreign market penetration etc.

There should be some export potential, to the UK market for one.

"Sanctions beginning to bite, Harold?"

Smoke screens

No one seemed more surprised by the lack of drama at Rothman's annual meeting yesterday than the company itself. There were none of the usual barbed questions of the anti-smoking lobby. Jack Prosser, the company's PRO, tells me he cannot understand what happened to the familiar Action on Smoking and Health contingent.

"Good heavens! Was it today?," asked ASH's director, Mike Daube, when I rang him. ASH is, after all, the proud owner of one share in Rothman's—worth about 22 King-size cigarettes. As an investor it was expecting a copy of the annual report and notification of the meeting. Daube tells me he is writing an aggrieved letter asking what went wrong, and also putting four questions which ASH planned to raise from the floor.

I am, however, able to reveal exclusively and in advance the answers to Daube's 65p-worth of questions. Would Rothman's publish the tar yields of cigarettes sold in Third World countries? "We can only do that if governments do the testing," said Prosser. (Most governments do not do any testing.)

And, finally, a hard one: is the company advertising Dunhill shops on television as a way round the ban on cigarette advertising? "We would be if we mentioned cigarettes, but we don't. A vast slice of Dunhill profits comes from gifts and clothes." The answers came out pat, indicating that Rothman's are well-used to stubbing out ASH's worst assaults.

Trying a squeeze

Lit by six spotlights and stretching across 40 feet of billboard, a massive advertisement greeted those who drove into St. Louis earlier this year: "Our IBM computer system is a lemon," it proclaimed, showing a large picture of the fruit and being signed "A dissatisfied customer." The computer magazine Datamation informs me that the customer finally got action after this forceful protest.

IBM refused to identify their client who had come up with this novel means of obtaining service. As for the owner of the billboard space, he said he would not identify the soured customer: "We're a good customer of IBM," the Hudson Chemical Company said.

Odd islander

Tribal chiefs, ex-guerrillas, village headmen—our august Foreign and Commonwealth Office is wise in the ways of all of these. But its years of experience in negotiating with colonies over their independence is likely to prove of little avail against a new adversary it will face in late November, the Tory MP for Essex SE, Sir Bernard Braine.

Braine chairs the Justice for the Banabans campaign which has just been authorised by the 2,500 dispossessed Pacific islanders to negotiate on their behalf with the British government. This is preparing to give the Gilbert Islands as a whole their independence next year and the FCO tells me that it is planning to convene the constitutional conference required in about two months. How do they feel about negotiating with the Campaign? "We would rather not comment."

It is only a few weeks since leaders of the Banabans visiting London were rushed around by the FCO from meeting to meeting and given the accolade of a lunch at Stone's Chop House. Despite such hospitality they issued a strong attack on HMG, demanding self-determination for the Banabans and a decent compensation from the British government for the years of stripping of phosphates from their home, Ocean Island.

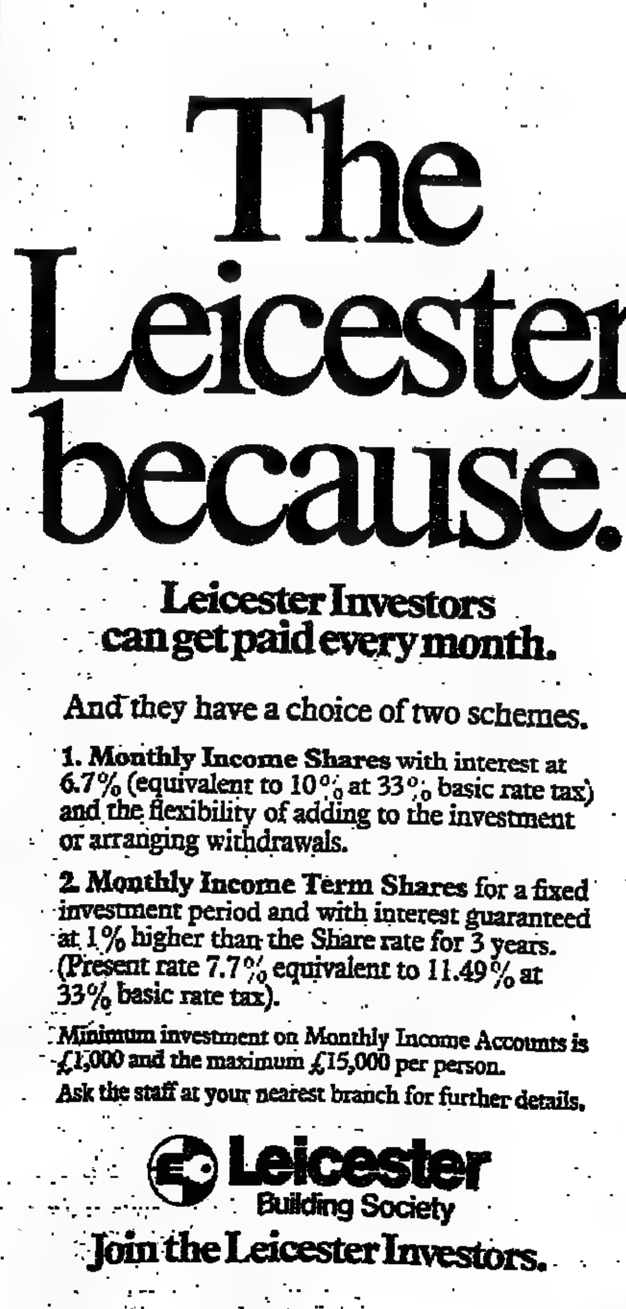
George Knapp, joint secretary of the Campaign, warns me that any government which tried to pass a Gilbert Islands Independence Bill is in for some sniping from both sides of the House. He tells me that the Bill will be "wrecked" unless the islanders receive "justice." And even if the Bill does go through and the 55,000 people who inhabit the far-flung Gilbert Islands group do gain independence they will also inherit a problem—the U.S. claim to several of the islands, including Christmas Island, once the site of a British atomic bomb test.

Number game

Under the title A Resourceful Church? A Church of England leaflet demonstrates conclusively that, if lacking in resources, the Church is at least resourceful. "If each of us gave £1 a week for £1000 of income the Church would not only be able to keep ahead of inflation but could do much more besides," says the leaflet seductively.

This is indeed the case. But by my calculations another way of putting it would be five per cent of salary.

Observer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City money broker breaks the Tokyo ice

BY JAMES BARTHOLOMEW

[J]EN JOHNUNN, managing ector of ley and Pearce, his rivalin the world of ney brok know that he s going try to be the first Japanesebroker to open in kyo, theeaction was more pity thenvy. Among all financentres, Tokyo was isiderede most difficult to netrate d one of the most stly in event of failure.

But M Gunn's competitors koned ithout a range of essuresand developments ich d make his path, hough eacherous, at least ssible.

The tral development, ich ontinuing, was the adual eralisation of the panes nancial world. But is it has been part of a orldw change whereby tion money dealing and nking practices have been mingether. This process sta disation is inevitable hen the world's major nks represented in all the orld nancial centres.

Mo brokers are middle en veen banks. The banks in them up and be quoted mi g very close to the best te a given currency. Since ker keeps in touch with of the banks, any indi- bank only has to ring a rokers to cover the market.

basic rationale for brokers has seen them d massively in the last 10 The leaders are the because they were the o develop fully following tablishment of London as ernational banking centre. re are now four British rs who can justifiably "we never close." They offices circling the globe. eir London offices close fices in New York are in ving and then the business moves to California, then on to Hong Kong, Singapore, Bahrain, Continental centres like Switzerland and finally back to London.

This year the major expansion has taken place in New York. The two leading British firms, M. W. Marshall and

Freddie Mansfield

Teiichiro Morinaga

Astley and Pearce, have joined forces with leading American brokers, Lasser Brothers and Daniel E. Noonan respectively.

On September 1, the American market set a precedent which the Japanese authorities will certainly follow with interest. From that date, banks in New York were permitted to deal through brokers with banks overseas. Previously the banks only dealt directly with overseas banks.

As a result, the New York market may now develop as never before. London has kept its lead for a long time based on its comparative freedom and a fortunate place in the time zone between the Continent and the East on one side and America on the other. But the sheer size of the American economy and the enormous amounts of money to hand, will militate in favour of New York.

The change in the U.S. can fairly be seen as bringing it into line with most of the rest of the world as part of the growing standardisation which Japan may find it hard to resist.

Recently the Continent has been moving towards British practice. The Germans are reviewing the way in which brokers there allow banks to listen in on their dealings. This means that a favoured bank might be allowed to hear what all its competitors are up to.

In the Middle and Far East, the systems have been set up from scratch largely on the British model. The one major financial centre where international broking is still not allowed is Japan. No guarantees have been given that international broking will ever be allowed, but the entry of Astley and Pearce into the broking community makes it likely.

A condition of Astley and Pearce's entry into the Japanese Foreign Exchange and Money Brokers Association is that it should adhere to current market practices and customs. But the overseas banks in Tokyo and, of course, Astley and Pearce itself, hope that it will not stop there. The association has agreed to study two requests by Astley and Pearce which, if accepted, would transform Japanese money markets.

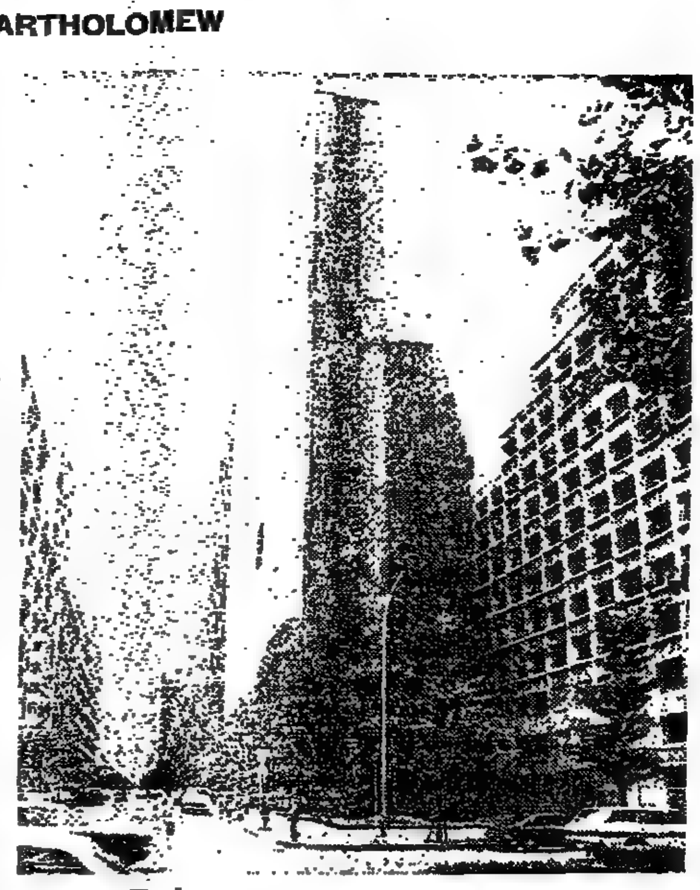
One is that the same change should be made as in New York, that brokers should be allowed to act between banks in Tokyo and banks in other parts of the world. The second is that market hours should be extended, to make the first change meaningful. It is no good to Astley and Pearce to be able to deal internationally if Tokyo closes in the early afternoon before other major centres have opened.

There are other broking practices in Tokyo which the overseas banks would dearly like to see changed. Foremost among these is the custom by which brokers can back down on deals they have agreed. It is possible for them to agree to supply a currency at a given rate but then call back and say that unfortunately they were only able to get half the order at that rate and the rest is at a worse rate. This is not the sort of news that a Chicago-born dealer, or indeed any dealer, receives philosophically. It is unlikely that Astley and Pearce will feel it is a necessary part of its adherence to local practices to back out of agreements made. This, of itself, could potentially attract business to the newcomer.

Another point in favour of Astley and Pearce will be its intimate contact with the world market. It may not be allowed to deal internationally to begin with but it will be able to offer information about how the world markets have moved over the previous 24 hours. Information is the second most important thing a broker can offer after the best rate, and it is something with which the local brokers will be unable to compete.

Such factors mean that pressure will build up for the nine local brokers to come into line with the one foreign broker instead of the other way around.

Not that Astley and Pearce has presented its case in that way. It appears to have been the soul of diplomacy, continually emphasising that it would fall in with whatever regulations the authorities cared to create.



Headquarters of a leading Japanese bank.

The authorities are cautious about allowing a full-blooded international money market primarily because they fear it might add to the upward pressure on the Yen. They imagine that if access to the Yen is made so much easier, speculation in the currency will frustrate their attempts to keep its value down.

They also say that one part of their system cannot be changed without having an effect on the rest. The full implications will have to be examined and interested parties consulted. Among these are the bank employees who would have to work later into the afternoon if Astley and Pearce's suggestions were adopted.

The authorities would also have to decide how to regulate the expanded market and whether they want to take on the additional risks and responsibilities.

Yet the Japanese now appear more ready than before to rethink their financial system radically. So far there have been many piecemeal reforms. An increase in the number of Yen bonds issued overseas has been allowed, foreign banks in Tokyo have been allowed to participate more in Yen issues and the possibility of creating a Certificate of Deposit market is being seriously considered.

But the Government is now conducting a complete review of its foreign exchange controls and new legislation could follow next year or in 1980.

The strength of the Yen has been the fundamental reason for the review. It has led most Japanese reluctantly to accept growing internationalisation of their currency. They still tend to fight shy of the idea of letting it become a reserve currency but this might inexorably follow from the capital outflows being encouraged to keep the rate down.

Another cause of the liberalisation is internal pressure within the Japanese economy. Government debt has mainly been channelled through the banks in the past but recently they found themselves unable to absorb their allocation. So the authorities have been forced to consider letting the banks as well as securities houses place debt with the public.

The public, unlike the local banks, will not accept orders about where to place its money. So this creates a pressure for the debt to be in a form which is attractive, and which can be negotiated easily.

Pressures such as these are making the authorities consider freer markets in several areas, such as short-term loans as well as bond issues. They are potential changes which could considerably alter the image of Japan, so long considered to be one of the most planned and controlled economies.

The new spirit was exemplified this summer, during the trip to Japan of Mr. Christopher Tugendhat, the EEC Commissioner responsible for the Budget and financial institutions. He came with no power to threaten retaliatory action if Community banks were not treated as well in Japan as Japanese banks are treated in the Community.

But the Japanese Government recognised that conflict over financial issues had been building up. It does not want it to reach the same pitch that it has between Japanese industry and the rest of the world. Similarly they recognise that the Community has no power at present, but that gradually it is developing in banking the sort of strength that it has in certain industries. The Japanese decided therefore to treat the Community with respect from the outset of the talks.

How far the liberalisation will go is impossible to say. Astley and Pearce takes a philosophical view. If the change gets no further then the firm will still be able to make a profit in a few years time—probably not a decent return on the sums invested, but at least a profit. But if Japan goes ahead and allows an international market, Astley and Pearce stands to become the leader in that market, turning the pity of John Gunn's rivals into envy.

It is a calculated gamble. But the historical development of world money markets and recent liberalisation moves in Japan make the odds look attractive.

Letters to the Editor

[Ba]nks and [sm]all businesses

[Fro]m Mr. Neil Corby

[Sir,]—In the recent publication [Mone]y for Business" the Bank [of En]gland quotes the clearing [banks] as the first of the main [source]s for both short-term and [mediu]m-term financing. So it [is en]couraging to read in your [report] (September 13) on the [Institu]te of Bankers Seminar in [Cambr]idge that no less a person [than] the deputy chairman of [Barcla]ys Bank was advocating [to ba]nkers the need for early [speciali]st training in handling small company customers.

[...]ue.

[When go]ing to his local bank manager [a] small businessman will [...]itially for assistance and [...] away the difficulties in [commu]nication start. On the [one ha]nd the customer is often [unab]le to present his financial [...] a skilled manner while [the ba]nk manager is probably [re]stricted in the help that [he can] give because of the lack [of sec]urities against which to [...]nd the risks involved. The [busine]ssman is forced to try [elsewh]ere for his finance.

[Eve]n assuming that he is [succe]ssful in obtaining funds, far [to oft]en the small businessman [gets i]nto difficulties because of [fina]ncial inexperience which [is part]ly why he approached his [bank i]n the first place.

[Who] is going to help him? It must be the role of [the ba]nks to do so, not just to [protect] their lending but more [import]ant because they are a [service] industry—a fact which [some b]ankers tend to forget. It [is no] good putting up finance [and s]itting back to await a [return] because unless an active [and he]lpful interest is taken in [the cu]stomer, there could be no [...].

[Whi]le we expect our bank [manag]ers to be all things to all [custom]ers, it is unfair to expect [them] to be financial experts in [every] type of business any more [than t]hey can be experts in all [aspects] of taxation. This is why [banks] have specialised taxation [depart]ments.

[It is] to be hoped that all the [cleari]ng banks are giving a lot [of tho]ught to this very difficult [proble]m because by solving it [they w]ill acquire a vast amount [of busi]ness which at present goes [elsewh]ere.

[N. C]orby.
[...] Bond Street, W.1.

[Mo]tor insurance [and] the EEC

[From] the Secretary General, [British] Insurance Association.

[Sir,]—It is important to [empha]sise, following Mr. Hafter's [letter] (September 12) about [Green] Cards, that a UK motorist [drivin]g elsewhere in Europe [encoun]ters markedly different [road] conditions. The Continental [mo]torist on the other hand [[un]]less he comes to the UK [to dr]ive on the right in [conditi]ons similar to those he [norma]lly encounters.

[UK] insurers are generally [willing] to provide Green Cards [for veh]icles temporarily abroad, [but wh]ere there is no intention [to rem]ain abroad permanently [and a]re often prepared to pro[vide c]over for relatively long [period]s. The UK motor policy is [designe]d to cover a pre[domina]ntly UK risk. When this is [no lon]ger the case, it is only [reason]able that the business [should] be handled within the [local i]nsurance market, which is [best p]laced to charge the right [premiu]m and has the necessary [claims] handling machinery on [the spo]t.

[Where] the vehicle is likely to [be abro]ad for most of the time, [many UK] companies will be able to assist by putting the motorist in touch with that part of their own organisation operating in the country to be visited.

I was surprised to see Mr. Hafter say that insurers often exclude business risks when issuing a Green Card. I would expect a card normally to extend a motor policy as it is, without the imposition of new exclusions.

R. C. W. Bardell,
Aldermary House,
Queen Street, EC4.

Telephone manners

From Mr. A. M. Gooding

Sir,—Mr. Ian M. Dixon asks (September 15) for the ultimate crusher in dealing with telephonists' / secretaries' apparent over-inquisitiveness, although no doubt they are often only carrying out their employers' instructions.

My own response if I feel that I am being given the treatment is to announce my self as "Mr. Gooding of London." Surprisingly, this braggart approach works in almost all cases to establish the desired connection quickly.

A. M. Gooding.
Blenheim Cottage,
6, Blenheim Road,
Bedford Park, W4.

Building societies

From Sir Cyril Black.

Sir,—I have read with surprise your report headed "Building Societies keen to move into Europe" (September 16).

At a time when in this country it is more than usually difficult for credit-worthy borrowers to obtain building society loans for home purchases, and many societies have long waiting lists of prospective borrowers, it is surely untimely for them to consider diverting any part of their funds to benefit overseas borrowers when they are unable to meet the demands of the home market.

Cyril Black,
Beaumont House.
179-187 Arthur Road, SW19.

Driving at safe speeds

From Dr. E. A. Marland

Sir,—Mr. Bligh (September 15) misses the point. A "competent driver" does not set out to alter the laws of physics, but to understand and comply with them. Mr. Bligh might have developed his argument by discussing the physics of a swerving car; the radial acceleration and hence the tendency to skid is also proportional to the square of the speed, thus being twice as great at 85 mph as at 60 mph. Mr. Bligh's arithmetic is impeccable for a car a little over half a ton, but I wish he would use modern consistent units; his mixture of joules and miles per hour is a devil's brew.

No, a safe driver is one who adjusts his speed to conditions; road curvature, surface, weather and traffic. For example, a competent driver knows how to estimate the safe distance between his own car and one he is following.

To become competent requires skilled, professional instruction. Most skills do — consider languages, music, athletics. In driving, the high-quality instruction should come about two years after the MOT test. Such instruction is expensive and may be humiliating — one's faults are pointed out immediately they are made, and in two years one has collected a string of subjectively unsuspected faults.

There is a strange psychological problem here. A driver assumes criticism of his driving to be an attack upon his manhood. A man may admit his lack of ability in mathematics, languages, bridge or even golf, but how many of one's acquaintances will admit to being bad motorists?

A second test is required, "A levels" after "O levels" by analogy with other education. Is education in driving ability less important?

E. A. Marland,
Flat 1, Hilary Court,
1, Lichfield Grove, N3.

Payment by results

From Mr. F. R. Williams

Sir,—I entirely agree with Mr. W. Grey's letter (September 13) in extension of mine of September 6. However, while it is relatively simple to establish and administer a PBR scheme for manual workers, it is extremely difficult to do so for many grades of non-manuals.

Unless the scheme is fair, and, more important, seen to be fair, it will fail, and moreover, unless the reward is a genuine assessment of efficiency, and paid as soon as possible after a reasonable measured period, the impact is minimal.

Further, in times of intense competition, or adverse trading conditions, many non-manual workers will be working much harder with little evidence in terms of profit for the company.

Some divisions can clearly be isolated. For example, a marketing and sales force, given volume/price targets on a realistic basis, per area and population density, can be measured for efficiency and given just reward.

For monthly and weekly staff the only solution would appear to be a hook-up to the general efficiency of the undertaking, based on frequently assessed manning levels. Regrettably, in most businesses, this is virtually impossible due to conflicting incentives.

The issue for directors and managerial levels is simple. Since their job is to produce a proper return (assessed per industry) on shareholders' risk capital, whatever the long- and short-term difficulties, they should be paid a percentage of the profits over and beyond this normal or average return. Their salaires should reflect a normal performance. The incentive bonus is to do much better.

F. R. Williams,
White Ladies,
Old Woking Road,
Woking, Surrey.

European harmony

From Mr. W. J. Houlihan

Sir,—Acceptance of European Monetary Union presupposes harmonisation of economic policies. For a number of reasons, not least structural, that is likely to be a complex exercise in orchestration. If I may be allowed to take the analogy a stage further, the UK may find itself playing cymbal to Germany's fiddle. Whether such a role will prove sufficiently fulfilling is debatable.

Why is it that so many who embrace the credo of floating exchange rates also welcome an essentially fixed system such as the EMU? Success in emulating the Germans in the economic sphere is desirable, but not at any price. To lock the UK economy through the EMU into a situation where it is always seen as uncompetitive would be a recipe for relative decline. I am keener on a strong Western Europe as a bastion against the Soviet Empire than most, but not at the price of an ever more subordinate and circumscribed UK economy. It would be a sad epitaph on the europeanisation of British political thought if in its monetary policy it took us further down the road of economic decline.

Given the substantial strength of the German economy, the relative weakness of the UK economy and the difficulty of predicting appropriate exchange rates, a regime of managed floating is persuasive. Lack of monetary discipline has been thankfully rather less prevalent in the UK lately and maintenance of fixed parities seen less as a last ditch stand against irresponsibility. The answer to the question — what on balance is the argument for adopting EMU?— is not so audible that those who feel uncertain should be criticised for not agreeing with the supposedly disinterested German solution. Transitional, if not long-term, costs may be either higher or lower than some fear. Esoteric though the subject is, its importance demands the fullest discussion.

W. J. Houlihan
20, Richmond Court,
Queens Road, Kingston, Surrey

The crafts as arts

From the Director, British Crafts Centre

Sir,—I read with interest your report on the Leisure Industry (September 6) and in particular the comprehensive article by Antony Thorncroft on the arts. It was, therefore, particularly disappointing to realise, yet again, that the crafts were not included within a general view of the visual and performing arts. The crafts must be considered with equal individuality as opera, ballet or theatre are under the general term "the arts." Indeed, the crafts form as lively and diverse a group within the arts as any in Britain today.

There appears to be an attitude among British commentators on the arts, whether through the Press or the media, which dismisses any craft activity or production as "mere." It is unfortunate that the earlier, purely functional purposes of the craft disciplines have been submerged by a more recent cloying preciousness towards hand-made articles, this unjustifiable mixture being presented as the level of artistic integrity involved in craft production and creativity. I would hope that a considerable number of informed, intelligent and sensitive individuals should be able to discern the three basic types of craft production which, for ease of description, may be termed handicraft, artisan, and innovative, as easily as they appear to be able to recognise the Sunday painter, the commercial artist, or the creative genius.

Within the community as a whole the full range of the crafts appeals to by far the largest number of socio-economic groups than any other art form. Yet support for the disciplines, the craftsmen or promotional organisations is minimal against that offered elsewhere in the arts. If the critics, journalists and programme organisers could be educated into realising the value and endeavours of the creative craftsman, acknowledging the support required to ensure continuing expansion, the critical analysis and public awareness would repair the ignorant damage manyfold. More importantly, the crafts will gain that automatic inclusion within the definition of "the arts," and young craftsmen can stop searching for an alternative title.

Malcolm Macintyre-Read.
43, Earlham Street, WC2.

Today's Events

GENERAL

Mr. Denis Healey, Chancellor of the Exchequer, joins Commonwealth finance ministers for start of three-day meeting in Montreal.

Conservative Party publishes agenda for annual conference at Brighton, October 10-13.

CBI monthly council meeting.

French air traffic controllers' union leaders meet to set a date for resuming work-to-rule.

Mr. Toshiwo Doko, president of Japan's Federation of Economic Organisations (Keidanren) begins week-long visit to Mexico to discuss bilateral trade and economic problems.

The Presidents of Syria, Libya, Algeria and Southern Yemen, and the chairman of the Palestine Liberation Organisation meet in Damascus to discuss overall Middle East situation (Arab Steadfastness Summit).

Civil Aviation Authority publishes annual report.

In Washington, Special Trade Representative Mr. Robert Strauss and Mrs. Juanita Kreps, Secretary of Commerce, hold discussion on inflation with senior U.S. businessmen.

Renegotiation of Moncloa Pact covering industrial relations starts in Madrid.

Mr. William Rodgers, Transport Secretary, opens two conferences being held simultaneously in Edinburgh to plan international train service timetables and fare tariffs for railways throughout Europe for two years from 1979.

OFFICIAL STATISTICS

Basic rate of wages and normal weekly hours (August) and monthly index of average earnings (July). New construction orders (July). Gross domestic product (second quarter—provisional).

COMPANY RESULTS

Final dividends: Burns-Anderson. Ferry Pickering Group. GT Japan Investment Trust. **Interim dividends:** Brixton Estate. Eagle Star Insurance. Anthony Gibbs Holdings. Hamilborne. Harris and Sheldon Group. Hestair. Hoskins and Horton. Kleinwort Benson Lonsdale. Laporte Industries (Holdings). Leadenhall Sterling. London and Manchester Assurance Company. John Menzies (Holdings). Molins. Plantation Holdings. Rio Tinto-Zinc Corporation. Rowntree Mackintosh. Spear and Jackson International. Tilbury Contracting Group. Interml figures only: United States Debenture Corporation.

COMPANY MEETINGS

Allied Colloids, Cleckheaton Road, Low Moore, Bradford, 12. Amalgamated Distilled Products, Central Hotel, Glasgow, 12. Anglo American Asphalt, Vale Road, Tonbridge, 12. Bremar Trust, Bremar House, 27, Sale Place, W, 11. G. M. Firth (Metals), Victoria Hotel, Bradford, 11.30. Group Investors, 2, St. Mary Axe, EC, 2.30. United Dominions Trust, 14-20, St. Mary Axe, EC, 12.

When you consider that more than half of the biggest U.S. industrials do business with Marine Midland, you get a good picture of how big we are.

In fact, our deposits total $9.9 billion, with $2.3 billion in personal savings. We've got $641 million in capital and reserves, and assets totaling $12.1 billion.

As much as these numbers tell you, they don't say we've been a major money center bank for many years. Which means we've got enough experience in foreign exchange and foreign currency management to generate major money transactions. To provide direct loans. And manage major international credits. We can also assist in generating funds in other capital markets, through our associates.

Of course, Marine Midland has the facilities to carry this out. With our base of international operations in New York City's financial district, we have 300 branches throughout the state, and key people in 22 of the world's major financial centers.

Some people may not expect all this from us. But after all, Marine Midland is the 13th largest bank in the United States.

MARINE MIDLAND BANK

All figures as of March 31, 1978.

COMPANY NEWS

Bank of Scotland downturn to £13.3m in first six months

AFTER BRINING in the group's share of associates' profits, Bank of Scotland reports pre-tax profits of £13.34m, for the half year ended August 31, 1978, a reduction of 4.4 per cent on the corresponding period's £13.96m and 2.1 per cent down from the £13.63m of the second half of 1977-78.

The interim dividend is 6.0822p per £1 capital stock plus an adjustment of 0.0828p referable to 1977-78. The interim compares with last year's 5.445p which was followed by a 5.449p final.

	Six months 1978 £000	1977 £000
Operating profit	12,396	13,705
Associates' share	943	255
Profit before tax	13,339	13,960
Taxation	7,136	7,570
Net profit after tax	6,203	6,390
Extraordinary credits	745	502
Ordinary dividend	1,888	1,780
Retained	4,560	5,112

In the clearing bank business, Looking to the remainder of the current year, the directors say it seems likely that expansion of the domestic business will be governed largely by the constraints of the Supplementary Special Deposits Scheme while the international business continues to grow without any similar restriction.

Profitability will remain susceptible to the same factors as affected the results for the first half-year.

lending in both sterling and foreign currency increased substantially compared with the corresponding period but slightly lower base rates and narrower margins combined to reduce the benefit of the higher volume of business.

Despite a further contribution from increased commissions, the rise in expenses was such that the clearing bank operations, overall, produced a moderate reduction in profit compared with the corresponding half-year. When compared with the immediately preceding half-year, however, the figures show an improvement, the directors report.

North West Securities, together with their associated companies—now including Henlys—produced an improvement of nearly 10 per cent over their figure in the corresponding half-year but, in view of the rising trend in interest costs, the outcome was less than the very good results of the immediately preceding half-year.

The British Linen Bank's contribution did not vary materially from that of either of the periods under comparison.

See Lex

Expanded Metal to improve

ALTHOUGH pre-tax profits of the Expanded Metal Company, were down from £1.24m to £950,000 in the first half of 1978, the directors say the second six months has started well and if the current trend continues, full year profits should not be less than the £2.22m achieved in 1977.

Turnover for the first half amounted to £12.35m against £12.32m. The tax charge is £357,000 (£353,000 restated) and £233,000 (£556,000) is retained.

The net interim dividend is lifted from 1.625p to 1.75p—last year's final payment was 2.05p.

Terry Kirk

Mr. Arthur Southon, chairman of MFI . . . boom in consumer spending a major factor.

Halftime fall for Garton Eng.

FOLLOWING THE warning made at the April AGM that unless order intake improved first half profits would not be maintained, taxable surplus of Garton Engineering fell from £502,000 to £467,000 for the 1978 period, on higher turnover of £6.03m against £5.91m.

Mr. A. B. Garton, chairman, reports that the company incurred difficult trading conditions in the bolt manufacturing industry, where there is currently excess capacity and increased competition from imports. However, the rest of its manufacturing units are to some extent compensating for these difficult conditions.

The second half-year continues in similar trading conditions and as yet there are no significant signs of recovery in the company's traditional markets, Mr. Garton adds.

For all 1977, a record £1.05m pre-tax profit was achieved.

The net interim dividend is lifted from 2.7p to 3p per 10p share and an additional 0.046p in respect of 1977 is also to be paid, on ACT reduction. The directors intend to recommend the maximum permitted final of 3.365p (3p).

Attributable profits for the period were little changed at £244,000 against £241,000, after a lower tax charge of £243,000 (£261,000) and an extraordinary credit this time of £20,000.

KUNICK

Resolutions to approve and facilitate loans totalling £225,000 from the Industrial and Commercial Finance Corporation and to amend the articles of association were approved at an EGM of Kunick Holdings on September 15.

Energy Services well ahead

WITH PRE-TAX profits for the first half of 1978 up from £481,000 to £536,000, the directors of Energy Services and Electronics expect profits for the second six months to be at least as good as those now reported.

Earnings per share are 1.04p against 0.94p and the interim dividend is lifted from 0.1p to 0.2p — the total last year amounted to 0.3p when pre-tax profit was £865,000.

	Half-year 1978 £000	1977 £000
Turnover	3,953	3,389
Profit	536	481
U.K. tax	67	82
Overseas tax	34	49
Net profit	368	350
Minorities	3	6
Attributable	353	344

The directors say the higher first half profits were achieved despite the erosion of profit margins due to exchange fluctuations on dollar contracts won in the U.S. and Japan during 1977 but delivered during the first half of this year.

In computing the UK tax charge, ED19 has been adopted. The charge includes ACT normally recoverable on dividends because such recovery will be deferred until the group becomes liable to pay mainstream UK corporation tax.

Overseas tax is notional and will be wholly offset by tax relief on pre-acquisition losses of a German subsidiary acquired in 1976. As no tax is payable the sum of £53,000 will be used to reduce the value of goodwill.

Six months advance for Rowan & Boden

Pre-tax profits at Rowan and Boden for the first six months of 1978 advanced from £202,000 to £251,000, and the directors anticipate that the full year result will continue to show an improving position. Last year, a peak £450,000 was achieved.

First half earnings are increased from 2.33p to 2.97p per 25p share and the interim dividend is lifted to 0.6p (0.55p) net—the 1977 final was 0.76769p.

Turnover for the half-year, excluding VAT, rose some £1m to £4.78m. The tax charge was £131,000 (£108,000) and retained profits amounted to £96,000 compared with £72,000.

HIGHLIGHTS

Half-time figures from the Bank of Scotland are very disappointing reflecting higher pension costs and bad debt provisions and the shares fell 21p. Following the publication of the Group Lotus annual report Lex takes a look at just how the company has benefited from its involvement with American Express. Lex also evaluates the new securities in the International Thomson Organisation where dealings start today. Elsewhere, MFI has toppen even the optimistic forecasts in the market with full-year profits some £3½m higher and the group is continuing to expand the number of outlets. Bodycote has not really felt the upturn in consumer spending with cheap textile imports continuing to take its toll on the market. If first time contributions from acquisitions are stripped out there is little growth in the first-half of Aurora while the lack of any improvement in the carton industry is restricting the recovery in margins at Bemrose.

Jentique turns in better second half trading

AFTER the sharp fall from £384,890 to £158,200 in the first half, Jentique (Holdings) finished the year to June 30, 1978 with pre-tax profits of £423,624 compared with £355,958 previously.

And the directors say the better trading conditions enjoyed in the second half, have improved in the current year and endorse the view that higher profits of the 1977-78 second half will be more than maintained in the first six months this year.

A final dividend of 1.28863p is recommended making a total of 2.209p for the year—last year a total of 0.59341p was paid on capital prior to a one-for-two scrip and consolidation of the 5p shares in 25p.

Earnings per share are shown as 3.22p (3.87p adjusted).

	Year 1977 £	1976 £
Turnover	9,009,890	8,700,779
Profit before tax	423,624	355,958
Tax	168,872	149,160
Net profit	254,752	206,798
Dividends	174,953	156,640
Retained	79,799	130,158

MFI leaps ahead to top £5m on sales of £55m

AFTER MORE than doubling its pre-tax profits to £1.71m in the first half, MFI Furniture Centres reports a sharp increase from £1.86m to £5.34m for the year ended May 27, 1978. Turnover surged ahead from £33.78m to £55.04m.

The first three months of the current year have been excellent as well and shows a satisfactory level of increase over the previous year, the directors say.

On the basis of the current pattern continuing, the Board expects to report very successful results again next year.

Earnings per 10p share are shown to have risen from 7.8p to 23.6p and the final dividend is 1.206p making an equivalent 2.196p compared with equal to 1.968p previously.

The directors say they will take the earliest opportunity to increase the dividend as legislation and profits permit.

Tax takes £138,147 (£994,819) and the attributable profit amounts to £5.19m against £866,715 after an extraordinary profit of £35,019 (nil).

● comment

The market had been expecting some dramatic improvement from MFI for the full year but the leap from £1.86m to £5.34m pre-tax outpaced the most optimistic estimates, and the shares rose by 6p to 144p. Sales volume from existing stores rose by 35 per cent before taking into account the benefits of an overall increase in sales area of 15 per cent. The higher level of activity really showed through in net profit margins which nearly doubled from 5.5 per cent to nearly 10 per cent. The upturn in consumer spending has obviously been a major f[...] behind th[...] upsurge in sales [...] the end o[...] last November [...] must ha[...] been one of the [...] to feel th[...] consumer boom and [...] buoyancy of the 2nd half [...] continuing through this year. By the end of Dece[...] consume[...] spending might set[...] own agai[...] but MFI has demon[...] in th[...] past how well it ca[...] in th[...] poor times. In the meantim[...] physical growth co[...] another 15 per cent [...] sales area should be [...] by December. Within [...] the company hopes fo[...] 80 outlets (against [...] now, though at least 20 of [...] existing stores may be reloc[...] The balance sheet remains [...] and the outlook for this [...] profits of around £7½m [...] basis the fully taxed [...] p/e of 8.7 is discou[...] this year's growth prospects.

J. B. Holdings ahead at midway and expects record year

ANNOUNCING TAXABLE profits ahead from £928,000 to £957,000 for the first half of 1978, the directors of J.B. Holdings, construction and mechanical engineer, say all divisions are trading profitably and they anticipate the current year figure will not be less than the record £2.7m for 1977.

Half-year earnings are shown at 4.31p (4.46p) per 10p share and in order to apportion payments more equally an interim of 0.5p (1p) net is to be paid—last year's final was limited to 0.06p due to continuing dividend legislation.

The directors state that a decision as to a final will be made when 1978 results are known and in conformity with any restrictions then in force.

Turnover for the period stood at £10.33m (£8.97m). After a tax charge of £407,000 (£482,000) and dividends costing £79,000 (£100,000) including a first time preference payment of £29,000, retained profits emerged at £381,000 against £346,000.

With effect from June 30, 1978, the outstanding 50 per cent of Ecolatic Inc. not previously owned has been acquired by the group so that it is now a wholly owned subsidiary and not an associate, as before.

Extensive management reorganisation has already taken place at Ecolotec, which assembles and markets road suction cleaners in the U.S., and the directors anticipate that it will contribute usefully to group profits in the future.

Increase by County & District

ALTHOUGH TURNOVER was lower at £1.37m against £1.57m, available profits of County and District Properties jumped from £279,653 to £526,412 for the year ended March 31, 1978. At midway, the net result was ahead from £111,868 to £248,088.

After a tax charge of £54,383 against £30,800, yearly earnings rose from 2.8p to 5.26p per 10p share. As forecast, a maximum permitted final of 0.4422p makes the net total for the year 0.8778p (0.792p), absorbing £87,780 (£79,200).

The directors say there has been continued improvement in the affairs and financial strength of the group, which now has available unused lines of long and short-term finance in excess of £4m.

Timeproof plan

A new low-cost life protection plan The Timeproof Plan has been launched by the Smith-Sternau Organisation and underw[...] Cannon Assurance. The p[...] vides life cover over a [...] period, which can be [...] irrespective of the state o[...] of the individual for a [...] period of 10 years up to a[...]

The amount of cover a[...] premiums increase automa[...] by 10 per cent each year, b[...] policyholder has the right t[...] this automatic increase and [...] tinue to pay the same pre[...] for the same cover. The prem[...] are eligible for life assuranc[...] relief and premiums are w[...] in the event of accident or il[...] lasting more than six months

The Smith-Sternau Organis[...] specialises in arranging insu[...] for members of professional [...]

Associated Sprayers

Associated Sprayers has restructured to facilitate fu[...] growth. A new subsidiary, Airflow, has been formed a[...] operating company and [...] parent now operates as a ho[...] company.

Mr. H. E. Newton-M[...] remains as chairman of Assoc. Sprayers Ltd. together with R. W. O. Beney as vice-chai[...] and chief executive. Two directors have been appoi[...] Mr. H. C. Cottrell and Mr. [...] Hathaway.

ISSUE NEWS AND COMMENT

Bristol Water £5m stock issue

The Bristol Waterworks Company is raising £5m by an offer for sale by tender of 7 per cent redeemable preference stock 1983 at a minimum price of £97.50 per cent.

These are exactly the same terms as the East Anglian Water Company's £2m offer at the end of July.

The Bristol stock is payable as to £10 per cent on application (by September 28) and the balance by December 4.

Interest will be payable half yearly in April and October. The first dividend, on April 3, 1979, will be at the rate of £2.378 per cent.

The stock will be redeemed on November 30, 1983 at par.

At the minimum tender price the stock's running yield is 10.72 per cent while the redemption yield is 11.11 per cent.

Brokers to the issue are Seymour, Pierce and Company and Hoare Govett.

● comment

A certain amount of pent-up demand has probably developed since the last water issue by East Anglian two months ago, so Bristol Waterworks should get a good response. In the market East Anglian is yielding 10.84 per cent running and 10.94 on redemption so tenders will have to be pitched around £98 per cent to get any stock. At that level the running yield is 10.66 per cent while the redemption yield is 10.98 per cent though the fine tuning on tender prices will depend on hte market on Monday afternoon.

Yearlings ease to 10%

The coupon rate on this week's batch of local authority yearling bonds has eased from 10¼ per cent to 10 per cent. The bonds are issued at par and redeemable on September 26, 1979.

This week's issues are: Bassetlaw District Council (£½m), Borough Council of Gateshead (£0.375m), Chester-le-Street (£½m), Birmingham District Council (£1½m), City of Swansea (£½m), Wycombe District Council (£1m), Tweedale District Council (£½m), City of Kingston upon Hull (£1m), North Tyneside Metropolitan Borough Council (£½m).

Kilmarnock and Loudon District Council has raised £½m by the issue of 11 per cent bonds dated September 17, 1980 at par.

The Thames Valley Police Authority has raised £½m of 11¾ per cent stock dated September 15, 1982 at par and £1½m of variable rate bonds at £99½ per cent dated September 13, 1983.

Intl. Thomson dealings start

Dealings start today in the shares of International Thomson Organisation following the approval in the High Court a[...] this month of the propos[...] merge Thomson Organisation[...] the North Sea interest[...] Thomson Scottish Associate[...]

A UK listing has been gr[...] to International Thom[...] common and convertible s[...] issued to former ordinary s[...] holders in Thomson Organisa[...]

In accordance with the t[...] of the scheme of arrangem[...] approved by the court, a[...] will shortly be sent to a[...] ordinary shareholders in Tho[...] Organisation requesting the[...] complete a declaration [...] residence for UK exc[...] control purposes in respe[...] International Thomson s[...] which are foreign cur[...] securities.

Certificates for the conve[...] shares in International Tho[...] and cash payments and divi[...] in respect of the former Tho[...] will be despatched by Octob[...]

See Lex

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year
Aurora	Int.	1.48†	Nov. 30	1.32	—
Bank of Scotland	Int.	6.08‖	Nov. 6	5.45	—
Bemrose Corp.	Int.	2.14¶	Nov. 17	1.91	—
Bodycote	Int.	1.45	Nov. 30	1.3	—
Copydex	Int.	0.75	Oct. 27	0.7	—
County & District		0.44	Nov. 10	0.79	0.88
Energy Services	Int.	0.2	Jan. 2	0.1	—
Expanded Metal	Int.	1.75	Nov. 10	1.63	—
Garton Engineering	Int.	3§	Nov. 30	2.7	—
F. & C. Eurotrust		1	Oct. 25	0.85	1
J.B. Holdings	Int	0.5††	Jan. 5	1*	—
Jentique		1.29	Dec. 5	0.34**	2.21
Law Land	Int.	0.5	Nov. 14	0.5	—
B. Matthews	Int.	4.5‡	Nov. 3	4	—
MFI		1.21	—	1.19*	2.19‡
Minty	Int.	1.65	Oct. 27	1.5	—
Rowan & Boden	Int.	0.6	Nov. 23	0.55	—
Geo. H. Scholes		14.52	—	12.59	18.52

Dividends shown pence per share net except where otherwise s[...]

* Equivalent after allowing for scrip issue. † On c[...] increased by rights and/or acquisition issues ‡ Plus special in[...] 0.078p for 1977. § Plus additional 0.046p for 1977 ¶ Plus addi[...] 0.029p for 1977. ‖ Plus additional 0.0828p for 1977-78 ** On c[...] prior to one-for-two scrip and consolidation of 5p shares into[...] †† To reduce disparity.

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The Talbex Group Limited

DIVIDEND FOR THE YEAR ENDED 31ST JULY 1978

When circularising shareholders on 16th February, 1978, in connection with the bid for James Warren & Company Ltd and again in a circular sent to shareholders on the 7th July, 1978, when it was proposed The Talbex Group Limited should acquire A. P. Skelton (M&G) Ltd., the Directors of The Talbex Group Limited intimated it would be their intention to recommend the payment of a dividend of 0.55p net per Talbex share (equivalent to 0.8333p inclusive of the related tax credit) for the year ended 31st July, 1978, compared with 0.27489p net (equivalent to 0.4165p inclusive of the related tax credit) for the previous year.

Both bids were successful and the Directors now advise that agreement to pay the increased dividend of 0.55p net per Talbex share (now equivalent to 0.82089p inclusive of the related tax credit) has been received from the Treasury which will be automatically followed by its formal consent to the actual declaration provided current regulations are still in force at the time, or if new regulations do not prevent prior commitments of this kind being honoured.

It is the intention of the Directors to recommend the payment of this dividend when the preliminary results for the Year Ended 31st July, 1978, are announced.

Bemrose back to growth with £1.25m mid-year

TURN to profit growth, with s at the pre-tax level from n to £1.25m, was achieved Bemrose Corporation, the -based printing packaging publishing group in the half to July 1, 1978. This follows downturn in the second six s of last year when losses transfer printing for es depressed the surplus to 00 leaving the 12 month down from a peak £2.19m .7m.

the group as a whole es for the second half of ppear reasonably good tough economic forecasts ned and demand levels are il to predict, particularly in e say the directors.

w plant coming on stream e third and fourth quarters of the directors' plan for d profit expansion and this so contribute to the group's titive capability.

ur costs will, however, be during the period and therefore, depends on r the volume and prices increased sufficiently and er acceptable margins can tored in the company's less ble businesses, they explain. s for the half-year improved 8 per cent to £20.86m m).

net interim dividend is to 2.1378p (1.914p) per 25p and, as a result of the cut come tax rate, a special of 0.029p is to be paid in of 1977. Last time the as also 1.914p.

tal spending during the six aimed at further moderni- and expansion of existing sses reached £1.4m. Due to d to working capital needs was a net cash outflow of 0 and net bank borrowings p at £4.39m (£3.06m) by e.

directors say this amount within the group's total facilities and relates bly to members' funds, stood at £10.84m (£9.76m). group has continued to organic growth and profit ement in 1978 in its main- activities in flexible ing, security and confiden- printing, and calendars, ng the benefit of invest- ment directed into these more profitable and economically stable activities, they state.

The first half performance came from academic publishing and from fine quality books. In addition, following the manage- ment action taken towards the end of last year, two of the smaller businesses that made losses in 1977, Alf Cooke Bag unit and Scolar Press, are now making profits in reasonable trading conditions.

The dull market for cartons, which adversely affected sales in the latter part of 1977, has not improved as had been forecast. The effect has been to hold back planned increases in carton profit- ability, current margins being too low to yield the desired return on capital employed.

The benefits of the selective expenditure on more efficient machinery and buildings are expected to start to show during the coming 12-month period, they say.

There are only limited signs of improvement in the world demand for printed polyester apparel and neither Bemrose Transfer Prints nor Alf Cooke Transfer Prints are making a contribution to group profits.

However, significant savings have taken place in the gravure printing plant and the division's New York office has been closed, the lower cost structure being essential to the future viability of the business in the fiercely competitive trading conditions of the textile industry.

	Half-year 1978 £000	1977 £000
Sales	20,864	18,753
Profit	2,025	1,847
Depreciation	596	498
Trading profit	1,429	1,349
Interest	175	190
Profit before tax	1,254	1,159
Tax	652	603
Net profit	602	556
Rights issue cost	—	38
Attributable	602	518
Dividends	246	221
To reserves	356	297

● **comment**

The dull market for cartons is inhibiting improvement in margins at Bemrose. While pre-tax profit for the half-year was slightly ahead margins remained unchanged at 6.8 per cent. The main stream activities, flexible packaging, security printing and calenders contributed better results and a similar trend is expected in the second half. The upturn in consumer demand has not yet lifted the carton market and it is unlikely to do so in the second half. The main pointer to likely full-year figures is, therefore, the gravure transfer printing activities, which is now recovering after slipping into losses last year. Just a small profit here in the second half and the overall figure could be as high as £2.2m. The shares closed at 81p yesterday to give a fully taxed prospective p/e of 8.1 and a prospective yield, assuming maximum dividend increase, of 7.4 per cent.

Ricardo Engineers on target

IN LINE with the August pro- jection of not less than £935,000, pre-tax profits of Ricardo and Co., Engineers (1927) were a peak £943,035 for the year to June 30, 1978, compared with £841,340 last time. At halfway, the result was ahead from £227,455 to £406,630.

As already announced at the time of last month's rights issue, the net dividend total is effectively stepped up from an equivalent 2.6136p to 2.9185p per 25p share with a 1.7685p final— payments totalling 7p have been forecast for the current year.

After tax of £241,550 (adjusted £271,102) in line with ED 19, £66,936 (£59,943) ordinary and £3,500 (same) preference divi- dends, retained profit emerged at £631,049 against a restated £306,795.

Lotus stays on good course

THE CURRENT year has con- tinued favourably at Group Lotus but much will depend on the on- going improvement in the world economy, says Mr. Colin Chap- man, the chairman.

Since the year end the com- pany has been able to offer its home market outlets a dealer financial stocking package com- petitive with that long enjoyed by representatives of other manufac- turers, he states.

As known taxable profits for 1977 recovered from £16,986 to £556,674 on sales of £8.17m (£5.64m).

Profit on net worth reached 24 per cent (0.8 per cent) and on sales of 6.8 per cent (0.3 per cent), compared with highs in 1973 of 44.5 per cent and 15.7 per cent respectively.

Under an agreement made in September 1977, American Ex- press International Banking Corp. made a £2m five-year loan and on demand overdraft facilities of a further £600,000 for the same period, available to the company.

The loan is secured by a debenture creating a fixed charge over the majority of the fixed assets, which at December 31 last, stood at £2.88m (£2.97m), and a floating charge over the majority of all its property, assets and undertakings.

During the term of the loan dividend payments, except with prior consent of American Express, must only be met out Espirit to meet Federal standard limited to an aggregate amount, including related tax credit, of not more than 12.5 per cent of the company's issued share capital and reserves. At year end mem- bers' funds amounted to £2.32m (£2.15m).

Current assets at December 31 were up £3.11m (£59,913) at £3.7m (£2.75m), with new loan funds shown at £1.72m (£15,750). Bank overdrafts of £951,014 had been eliminated.

Production of Lotus cars, which had dipped from 2,822 in 1973 to 535 in 1975 was better at 1,070 (940). Sales benefited from a major distribution improvement programme and exports, which were increased from £1.9m to £4.6m, included a threefold growth in sales to North America to £3.9m.

With the staffing level still at 479 a programme of increased in- house manufacture was continued, where appropriate, to improve the quality and component supply reliability including such items as the company's own air con- ditioning and an ABS vacuum forming facility.

The engineering staff were mainly engaged in bringing into operation the U.S. version of the of current earnings and must be certification. This was in addition to a major cost containment ex- ercise.

Meeting, Norwich, on October 11 at 12.15 pm.

See Lex

Davenport Knitwear £0.27m so far

With interest received down from £32,000 to £31,000, a marginal decline in pre-tax earnings to £267,000, against £280,000, was shown by Davenport Knitwear for the first half of 1978.

In August the directors indicated that the increases in performance seen in the past was unlikely to continue. Last year profit was ahead to a record £625,572 (£483,299) on sales of £3.53m (£3.01m).

The half-year profit was struck after £29,000 (£27,000) deprecia- tion. Tax took £139,000 (£145,000) leaving the net balance at £128,000 (£135,000).

Bodycote profit down 11% to £0.85m at halfway

IN LINE with the directors' expec- tations, given the low level of consumer demand in the first quarter, pre-tax profit of Bodycote International, the Manchester- based textiles group, fell by 11 per cent from £957,000 to £851,000 in the six months to June 30, 1978.

Turnover rose by 3.6 per cent from £13.38m to £13.86m in the first half.

After tax down from £485,000 to £434,000 net profit dropped from £472,000 to £417,000.

Earnings per 25p share are shown to have slipped from 5.98p to 5.28p, but the net interim dividend is lifted from 1.30295p to 1.4549p, with the amount absorbed increasing from £102,872 to £114,869.

The directors expect to recom- mend a final dividend to bring the total to the maximum per- mitted. Last year's total was 2.71555p and was paid on a record pre-tax profit of £2.04m.

Mr. Joseph Dwek, chairman, reports that since the first quarter, consumer sales on a national basis have shown some improvement "but this has been largely satisfied so far by a sub- stantial increase in imports with little benefit to UK manufacturers generally."

The main difficulties still centre on the performance of the Denby division, where dependence on its traditional menswear business has meant that its profits profile has closely followed the variable textile cycle.

In an effort to resolve this problem and to secure more stability of earnings, Mr. Dwek says that the directors have decided to invest £750,000 during 1978-79 on a continuous process dyeing and finishing plant for the processing of cotton and cotton/ polyester fabrics.

The chairman says this project has considerable profit potential and will provide Denby with an entirely new product area. Expen- diture is to be financed by an unsecured loan repayable in ten equal annual instalments. This will conserve current liquidity.

● **comment**

With cheap textile imports still in the pipeline, the upturn in consumer spending in the second quarter has had little effect on Bodycote's first half results, and profits slipped by 11 per cent. Hardest hit has been the Denby menswear business where the switch in demand to more leisure clothing has brought small losses to this division, compared with profits at one time amounting to 35 per cent of the group total. To try and repair the fortunes of this part of the company, new plant is being installed to produce cotton-based products such as shirt material and sheeting, and this should come on stream by March next year. Overall, the prop to Bodycote's performance remains the protective clothing and safety products division, which now contributes about 60 per cent of group profits — and this is likely to grow even further. Trading generally has been better in the second half and with more than £0.1m from new acquisitions, a recovery to at least £2.2 should be possible for the full year. At 69p, the prospective p/e is 5 while the yield is 6.7 per cent, which is a justified rating considering textiles now play such a small part in the group's overall activi- ties.

Midyear gain at Copydex

For the first six months of 1978, profits of Copydex, maker of adhesives, household products and security devices, advanced from £81,000 to £112,000, subject to tax of £58,000 against £42,000.

In the company's last annual report, the directors said they expected in 1978 a return to at least the profit level for 1976 of £250,000. Last year, the figure fell to £201,000.

The interim dividend per 10p share is raised from 0.7p to 0.75p net—last year's payments totalled 2.237p.

Orders up at W. E. Norton

THE ORDER book at W. E. Norton (Holdings), machine tools group, was at a peak level at the end of August. It would have been a record even without the contri- bution from the recently acquired Irving White subsidiary, Mr. Walter Norton, the chairman, told the annual meeting.

He said he continued to believe that the current year would be the company's best ever and its future prospects were most encouraging, with growth at the same sort of rate as that achieved in the past six years.

The doubling of sales and profitability in the next three years would be in keeping with this. Currently there is a much better climate for capital invest- ment, he said.

The group's further improve- ment stems partly from the fact that British industrialists have now started to respond to the need to invest in new plant. It also reflects the company's strong position in the market place where it can usually offer better delivery days than most competitors, Mr. Norton added.

eak £2m from Scholes ter second half boost

LITTLE changed midway profits of £793,000, George holes and Co. made a tial improvement in the half to end the June 30, ar with a record £2,034,159, ed with £1,864,938.

over expanded from £9.03m 89m and profits included interest on short-term s amounting to £51,974 £104,692 last time.

in accordance with ED19, 791,704 (adjusted £837,749) rnings per 25p share were 5p to 29p. The dividend raised from 16.5863p to aximum permitted 18.52p th a final of 14.52p.

ends absorb £793,397 ed with £710,557, leaving profits up from £916,632 056.

principal activity of the is the manufacture of al switch and fusegear, breakers and accessories.

who became a director in February, has been appointed executive deputy chairman of the group.

Mr. Roger Pinnington was, for family reasons, unable, after the announcement, to take up the in- vitation to join the Board made at the time of the acquisition of the A P Skelton Group.

Earnings up at F. & C. Eurotrust

After a lower tax charge of £67,300 compared with £79,000, net profits of F. and C. Eurotrust improved from £77,700 to £85,200 for the year ended June 30, 1978.

Gross revenue advanced from £263,200 to £315,500, but after management expenses and in- terest amounting to £163,000 (£106,500), pre-tax profits fell by £4,200 to £152,500.

Net earnings per 25p share were better at 1.4p against 1.04p and the dividend is lifted from 0.85p to 1p net.

Net asset value is shown at 69.7p (59.9p) per share.

lbex can y 0.55p

x Group has now, as a of its recent acquisitions, l Treasury permission for yment of the virtually dividend of 0.55p net per earlier foreshadowed for The Board will recom- he payment of this divi- hen results for the year 31, 1978 are announced. er Gymer, managing direc- he Osmond Aerosols sub- has become group g director of Talbex and Mr. P. J. de Savary,

RICHARDS AND WALLINGTON

Group net profits of Richards and Wallington, the plant hire concern, increased from £0.85m to £1.04m in the first half of 1978, after tax of £158,000 (£161,000). In last Friday's report the profit figures were incorrectly described as being before tax.

Derek Crouch

im Report for the six months ended 30th June 1978

	6 Months ended 30.6.78 (unaudited) £'000	6 Months ended 30.6.77 (unaudited) £'000	12 Months ended 31.12.77 (audited) £'000
over	16,108	14,985	30,854
ings before Tax	1,148	933	2,467
ings attributable areholders Taxation)	596	468	1,252
ings per share	6.04p	4.83p	12.91p

Directors are pleased to announce an increase in both over and profits for the first half of 1978.

cquisition in the U.S. commenced trading in April 1978 and a anticipated loss was incurred to 30 June 1978, but operations ow profitable.

Group's liquidity position remains strong and I am confident he results for the full year ending 31 December, 1978, will e disappointing to shareholders.

Directors recommend the payment of an Interim Dividend for of 1.2872p per Ordinary Share (last year 1.1527p) payable on tober 1978 to Shareholders on the Register at 29 September,

D.C.H. Crouch has waived dividends amounting to £15,018 senting 99% of his personal entitlement.

otal amount payable to Shareholders is £109,827.

D.C.H. Crouch
Chairman.

Derek Crouch Ltd.
Head Office: Peterborough PE67UW
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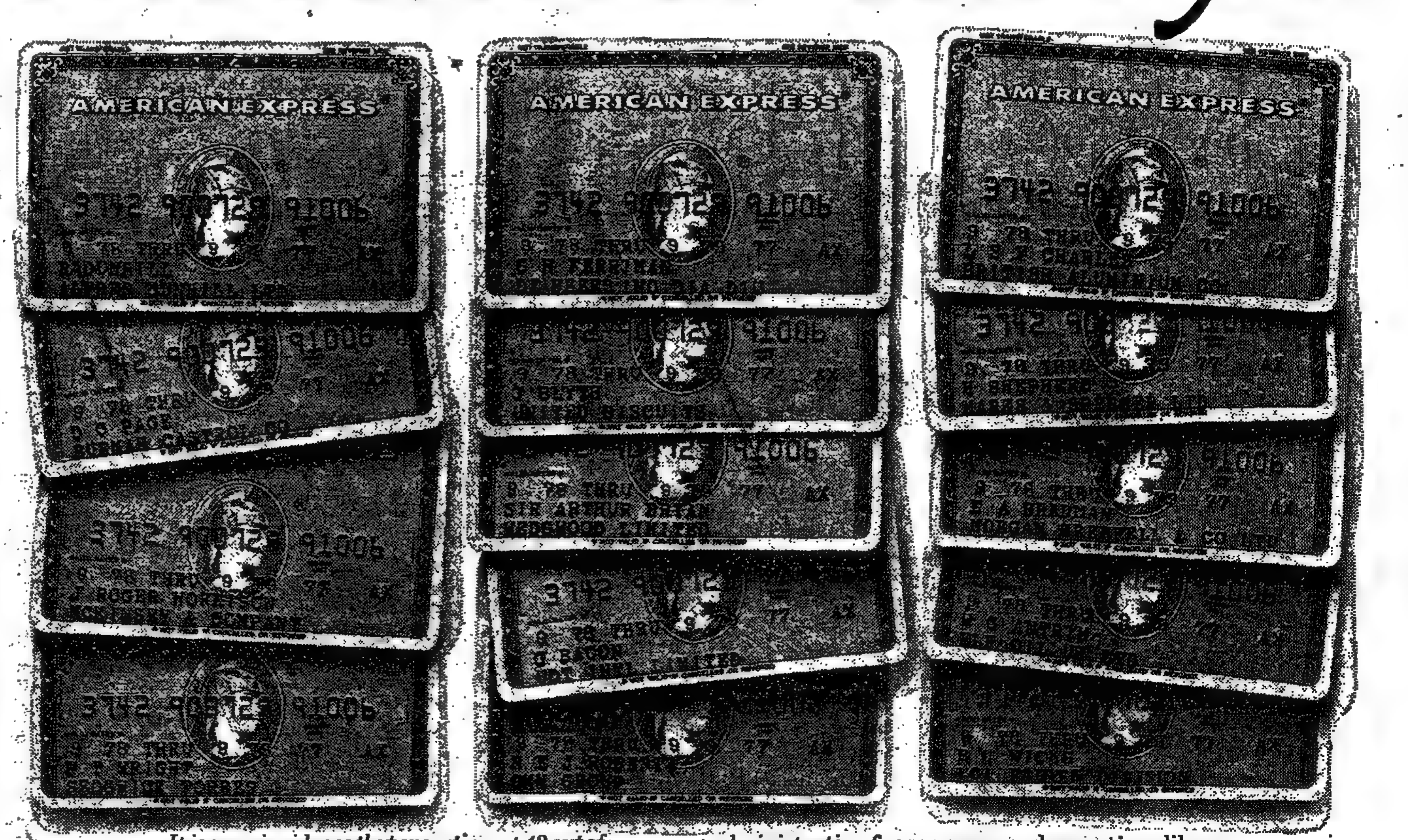

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AMERICAN EXPRESS ®

Rothmans holders benefit from dividend relaxation

Rothmans International yesterday became one of the first major groups to announce that it will be taking advantage of the government's recent relaxation on dividend controls.

Sir David Nicolson, Rothmans chairman, told shareholders at yesterday's AGM, that the partial relaxation of the controls would allow the group to lift dividends by more than 10 per cent in the current year—provided the dividend cover is not reduced below its highest level since 1972.

In the year to March 31, 1978 the group which is in the process of acquiring 86 per cent of Rothmans Pall Mall Canada enjoyed a net dividend cover of 8.8 times.

It is suggested that if earnings from Rothmans Pall Mall Canada had been included last year the group would have been able to lift its dividends by around 18 per cent under the current legislation.

Meanwhile Sir David said that the Canadian company had increased its earnings in the three months to June 30, 1978 by 15 per cent. The Rothmans group, he said, had shown an increase in sales since the beginning of the current financial year and results for the first half would be in line with the comparable period last year.

Raybeck £100m turnover aim

IT IS expected that **Raybeck** will quite easily have gone through the £100m turnover barrier in 1979-80 if not in the current year, Mr. Ben Raven, the chairman, tells shareholders in his annual report.

The target must now be to see how quickly the group can achieve sales of £150m and then £200m with continuing record profits, says Mr. Raven.

The group has the potential to achieve these figures although should the right acquisitions become available, the directors will have no hesitation in making every effort to secure them.

For the year ended April 29, 1978, profits before tax were up from £4.67m to £6.41m on sales of £75.95m against £63.12m. In the current year sales are significantly higher than the same period last year.

The dividend is 3.364p (3.0124p) and a scrip issue of one cumulative preference share for every 10 ordinary is proposed. The authorised share capital has also been increased to £9m.

The manufacturing companies in the group overall had a good year and they will continue to expand and prosper, says the chairman.

Berkertex continued to go from strength to strength and again achieved excellent results while Bembows continued its expansion programme and in the year under review opened three new stores in Boscombe, Poole and the most recent a 15,000 sq ft store in St. Helens, Lancashire.

This division should contribute a reasonable profit this year and is now set for considerable growth.

Werff/Lady at Lord John, the ladies retail chain, is continuing to consolidate after its reorganisation and made a good contribution to profits.

This division is expanding its operation by trading in a more contemporary manner, by progressively changing the name to Lady at Lord John, and by acquiring further prime sites.

During the year they opened in 321-323 Oxford Street, which is trading extremely well.

Lord John, the menswear retailing division, has again had a very successful year. They have continued to expand and have consolidated their position as a market leader in men's fashion-wear.

The West End-orientated business of John Stephen of London, a men's fashion retailing company, which prior to acquisition was incurring losses, was turned round quickly and made a reasonable contribution to profits. Greater profitability from this company in the current year is expected.

In recent years the emphasis of the group has been more towards retailing and now approximately 65 per cent of profits is contributed by the retail interests, says Mr. Raven.

The Church Commissioners for England are interested in 1.82m shares of Raybeck. Meeting, Savoy Hotel, WC, October 23 at noon.

Watsham's investment programme

After a substantial investment and re-equipment programme, Watsham's finished the March 31, 1978, with more than £1.5m of cash on account and no borrowings, and it is the directors' intention to reinvest these cash resources in a further growth area to complement the group's existing activities, says Mr. W. G. Haydon-Baillie, the chairman, in his annual statement.

However, this investment will only be made after a careful process of analysis and choice as in previous years, he points out.

Following the cessation of its contracting activities, the group has concentrated on implementing a reorganisation and re-equipment programme which will continue during the current year, says the chairman, with the aim of equipping all divisions to carry out clearly laid long-term growth objectives.

In the optical products field, it has undertaken a major reorganisation of its capabilities to co-ordinate the demands of substantially increased levels of market penetration. The design department has been enlarged, and re-equipped with more rapid data exchange computer facilities and is capable of carrying out the most advanced optical system designs available in optics today, he states.

The manufacturing facilities for optical elements have been substantially re-equipped with new machinery and the instrument and mechanical facilities are currently undergoing a similar change where new machinery will make a much higher level of quality and production possible. Marketing, and in particular the development of new markets in Europe, is still the prime area of concentration and progress has been satisfactory.

Mr. Haydon-Baillie reports that in the industrial safety and occupational health sector, new purpose built premises and the related re-organisation have proved to be of great benefit in assisting the expansion plans laid down. Clear long-term plans have been formulated for development into larger markets and into new product areas, some of which should have good prospects in export markets in the years to come.

In Harvey Engineering, the new name under which the company produces electrical telecommunication and petrochemical structures, reorganisation plans are still being implemented. Also it is planning to further extend the policy of increasing the spread of customers and products at home and overseas and will be actively considering using its skills in completely new product areas with the aim of laying down long-term growth plans based on a wider range of products than hitherto, the chairman adds.

As already known, group pre-tax profits rose from £507,484 to £591,091 in the March 31, 1978, year, on lower turnover of £2.2m (£3.73m) reflecting the sale of transmission line contracting activities.

Law Land shows some recovery

GROSS PROFIT from properties and trading slipped from £3.54m to £3.08m at Law Land Company in the first half of 1978, leaving taxable earnings down £121,031 at £237,248. Even so this represented a recovery from the £228,942 loss reported for the second six months of 1977.

With gross rents and interest received at £2.62m (£2.48m) and receipts from property sales of £2.41m (£3.11m) total turnover was down at £5.03m (£5.59m).

Due to losses arising overseas which were not available for UK tax relief, the mid-year tax charge this time was high at £200,000 (£190,000) leaving the net surplus at £37,248 (£168,279).

Including a £100,000 (£200,000) transfer from capital reserve relating to development properties and minority interest in losses of Australian subsidiaries of £18,834 (£6,905) basic earnings per 20p share were 0.43p (1.05p).

The net interim dividend is maintained at 0.5p. The directors say the final will be considered in the light of the full-year's results and the prospect for 1979. Present estimates would justify payment of not less than the 0.5p final paid last time, they state.

Progress continues to be made with lettings in respect of the new office developments in the UK and Belgium and also in respect of modernised office space in Central London.

	Half-year 1978 £	1977 £
Turnover	5,026,050	5,591,251
Rents & interest	2,615,662	2,482,580
Property sales	2,410,388	3,108,671
Gross rents	2,578,108	2,461,530
Trading profits	497,050	1,079,294
Gross profit	3,075,158	3,540,824
Pre-tax profit*	237,248	358,279
Tax	200,000	190,000
Net profit	37,248	168,279
From minorities	18,834	6,905
From capital reserve	100,000	200,000
Pref. dividends	6,125	6,125
Attributable	149,957	369,059
Interim dividends	176,293	176,294
Brought forward	848,184	871,438
Carried forward	995,141	1,040,493

* After interest paid of £1,318,983 (£1,486,480).

The development site at Rue Belliard, Brussels, was sold in May realising a surplus of £880,000 over the book value of £500,000 after discharging a liability to a Belgian building contractor in respect of the site. The net proceeds together with a new £3m short-term sterling loan and £1.5m long-term sterling loans contributed towards the repayment of $12.5m (£6.7m) Euro-dollar loans which were due for repayment in 1978 and 1979, during the six months.

B. Matthews expects to top £2.64m

DESPITE A slight downturn in pre-tax profits from £1,012,000 to £994,000 for the 28 weeks to July 16, 1978, the directors of Bernard Matthews, integrated turkey producer, say they expect full-year figures to exceed the record £2,639,000 for all 1977.

The company continues to expand into the European market and sales prospects for its further processed products remains promising, they state.

Sales for the period advanced from £8.03m to £10.52m and profits are subject to tax of £517,000 against £526,000, leaving the net result at £477,000 compared with £486,000.

The net interim dividend is stepped up to 4.5p (4p) per 25p share and a special interim of 0.078p in respect of 1977 is also to be paid following ACT reduction—last year's final was 5.15p. Mr. and Mrs. Matthews have waived their rights to payments on 1,833,787 shares.

Blackwood Hodge (Nigeria)

On sales up from Naira 19.71m to N20.46m, Blackwood Hodge (Nigeria), a 60 per cent owned subsidiary of Blackwood Hodge Limited, reports a marginal decline in pre-tax profit for the first half of 1978 to N4,027,400 against N4,130,000.

After tax of N2.01m (N1.6m) earnings per share emerged at 28 kobo (35 kobo).

Acquisitions aid Aurora to £1.65m at midway

INCLUDING contributions from Coltness group, William Oxley and Lerche Machine Tools, profits before tax of Aurora Holdings, general and precision engineer, rose to a record £1.65m in the first half of 1978 compared with £1.06m in the same period last year.

Earnings per share are shown as 9.16p against 10.59p. The interim dividend is increased from 1.32p to 1.48p—last year's total was 5.28p from pre-tax profits of £2.51m.

The first half result excludes Samuel Osborn; the offer for which became unconditional on June 15.

The integration of Osborn is proceeding well, the directors say.

From an assessment of the Osborn companies it is clear that lower cost production and greater throughput is necessary, both in steel and cutting tools. While the directors have already made definite progress, there is much more to be done.

As a further measure to reduce costs, the Aurora head office is to be sold and the group will move to the Osborn site at Ecclesfield, near Sheffield.

	Six months 1978 £000	1977 £000
Sales	20,767	13,577
Trading profit	1,919	1,381
Interest payable	268	321
Profit before tax	1,652	1,060
Tax	661	477
Net profit	991	583
Minority interests	3	2
Extraordinary items	88	—
Preference dividend	48	48
Attributable to ordinary	999	533
Ordinary dividend	269	84
Retained	730	449

Mr. R. Atkinson, chairman, says the group's diversified interests continue to protect the profit stream, and as a result of the acquisition of Osborn, a greater proportion of profits will be generated by overseas activities.

The remaining Aurora companies are maintaining satisfactory levels of performance despite the severity of the engineering recession.

Group performance in exports and overseas earnings is good. He believes the group is well equipped to deal with current problems, and he looks forward with confidence.

● comment

Following last year's rapid expansion, pre-tax profits at Aurora are 56 per cent higher—stripping out the first time contributions from three acquisitions amounting to £550,000, however, and the figure falls to 5 per cent. This reflects a patchy first half from the group's five main divisions. Engineering has again led the way while fasteners (where the group's products are highly specialised) also turned in a good performance. Metals have shown up well and the aerospace revival has come just in time to benefit Aurora's high quality metal castings and forgings. Process and industrial plant, however, is the main black spot with tough foreign competition further reducing margins. All eyes, meanwhile, are now watching how Samuel Osborn fits in with its new parent. Demand for special steels is, to say the least, dull but costs have apparently been pruned and Aurora outlets have increased throughput of Osborn's [illegible] products. With the help of acquisitions full year profits of about £4½m now look possible. The group ultimately plans [illegible] much bigger but, given the increased equity base, it was [illegible] consolidate earnings per share [illegible] the short term. At 100p the shares are not over rated on a prospective P/E of under [illegible] (based on last year's tax charge) and a yield of 8.8 per cent [illegible] covered 3½ times).

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Brixton Estate, Dickinson Robinson, Eagle Star, Antony Gibbs, Hambros, Harris and Sheldon, Hestair, Hoskins and Horton, Kleinwort Benson Lonsdale, Leadenhall Sterling, Laporte Industries, London and Manchester Assurance, John Menzies, Molins, Plantation Holdings, Rio Tinto-Zinc Corporation, Rowntree Mackintosh, Spear and Jackson International, Tate and Lyle, Tilbury Contracting.

Finals—Burns-Anderson, Ferry Pickering, G.T. Japan Investment Trust.

FUTURE DATES

Interims—	
Atlas Electric and General Trust	Oct. 12
Chersonese (FMS) Estates	Sept. 21
Firmin	Oct. 6
General & Commcl. Invest. Tst.	Sept. 25
Green's Economiser	Oct. 12
Hay (Norman)	Sept. 26
IDC	Sept. 26
Lesney Products	Oct. 9
Owen Owen	Sept. 29
Rosedimond Investment Trust	Sept. 28
Ruo Estates	Sept. 25
Southern Constructions	Sept. 22
Third Mile Investment	Sept. 22
Thomson T-Line Caravans	Sept. 27
Tootal	Sept. 27
Finals—	
Campari	Sept. 27
Galliford Brindley	Sept. 28
Walker (Alfred)	Sept. 22

NCR buys guaranteed loan stock

NCR yesterday bought £3,270,000 nominal of the 8½ per cent guaranteed loan stock [illegible] 98 at £79 per cent (including accrued interest but before [illegible]ing expenses) and will be cancelled. There remains £2,730[illegible] nominal of the stock outstanding.

In order to allow all holders the same facility, NCR has agreed to purchase through the market stock offered at a price of £79 per cent during the period up to and including September 29. This price compares with the middle market quotation for the stock of £[illegible] per cent on September 15, 1[illegible] the dealing day prior to September 18.

The Board reminds stockholders that a sale of all or part of their holdings of the stock will constitute a disposal or partial disposal for the purposes of tax on capital gains.

The reduction in the amount of stock outstanding is part of the NCR group's policy of improving the group's debt/equity ratio.

MERCANTILE INVESTMENT

Mercantile Investment Trust has borrowed DM12.5m from Toronto-Dominion Bank, under the terms of Supplement 35 EC7, to invest in bonds of EEC institutions.

RESULTS AND ACCOUNTS IN BRIEF

ELYVOORUITZICHT GOLD MINING COMPANY—Results for year to June 30, 1978, already known. Mining assets R112.14m (R103.16m), current assets R34.65m (R22.36m), current liabilities and provisions R33.23m (R20.11m). Working capital down R692,000. Meeting, Johannesburg, October 26.

CALEDONIAN TRUST COMPANY—Results for year to June 30, 1978, reported August 18. Investments £46.32m (£41.2m) unrealised gain £19.81m (£14.73m), net current assets £692,394 (liabilities £224,317). Liquidity at year end up £344,000 (down £176,000). Meeting Glasgow, October 9 at 11 am.

DANAE INVESTMENT TRUST—Results to May 31, 1978 reported July 12. Quoted investments at market value, £4.07m (£3.32m), unquoted £96,270 (£99,770). Current assets £364,869, current liabilities £1.66m. Meeting, 44, Bloomsbury Square, October 9 at 12.30 pm.

J. AND J. DYSON (makers of refractories, vehicle trailers, etc.)—Results year to March 31, 1978, reported August 2. Group fixed assets £4.47m (£4.17m) current assets £20.02m (£17.37m), current liabilities £10.37m (£9.69m). Bank borrowings up £99,391 (£384,903). Chairman has a degree of confidence for current year. Meeting, Sheffield, September 29 at noon.

ERSKINE HOUSE INVESTMENTS—Results for year to March 31, 1978 already reported. Fixed assets £187,063 (£185,415). Net current assets £476,124 (£38,137). Meeting, Winchester House, EC, October 6 at noon.

FINLAS HOLDINGS—Second interim dividend of 3.1p net for 18 months to September 30, 1978. Payable October 6.

J. JARVIS AND SONS—Results to March 31, 1978, reported July 28. Fixed assets £0.78m (£0.73m), net current assets £1.63m (£1.61m). Chairman says company much busier than in the past two years despite continuing shortage of work. Meeting, 239, Vauxhall Bridge Road, S.W., October 3 at 11 am.

GREAT NORTHERN TELEGRAPH COMPANY—Turnover recorded for first half of 1978 was practically the same as for first half of 1977. Cost adjustments and structural changes have improved the operations of the group, and together with extraordinary receipts from the sale of Storno shares previously announced, have led to an increased group net profit compared with the first half of 1977. This increase is expected to be maintained for the whole of 1978.

HIGHCROFT INVESTMENT TRUST—Interim 0.871p (0.79p) net per 25p share plus additional final for 1977 of 0.029p (0.02p), on reduction in ACT. Profit first half 1978 £33,377 (£30,531) after tax £33,500 (£29,500).

KRAFT PRODUCTIONS (furniture makers)—Interim dividend 0.34p (0.33p—total 0.69p) for 1978. Turnover for six months to June 30 £766,000 (£843,000). Group profit £7,269 (£7,334) after all charges including tax of £8,000 (£8,200). Earnings per share [illegible].

KURSAAL COMPANY (hotel and casino operator)—Results for year to May 31, 1978, already reported. Fixed assets [illegible], current assets [illegible], current liabilities [illegible]. Meeting, St. Julian's, Malta, October 5.

KWAHU—Dividend 1.5p (1.62p) for year to June 30, 1978. Pre-tax profit £118,677 (£130,292). Tax £29,025 (£30,660). Earnings per share 2.1p (2.22p).

HOWARD SHUTTERING (HOLDINGS)—Results for April 30, 1978, year reported August 8. On CCA basis, historical pre-tax profit £330,409 reduced to £299,823. Group fixed assets £285,281 (£221,830), investments £85,380 (£196,843), net current assets £1,149,793 (£722,347), goodwill £452,028 (same). Meeting, Morden, October 9, 10.30 am.

M. L. HOLDINGS (manufacturing engineer)—Results for March 31, 1978 year reported August 8 in the full preliminary statement. Group fixed assets £1.51m (£1.04m), net current assets £1.95m (£2.13m), bank loan and overdraft (secured) £720,489 (£183,163). Working capital decreased by £485,143 (£44,381). During year group invested further £777,644 (net of Government grants) in building and equipping new foundry at Brackmills for Crown Foundry Co. and expects to invest further £100,000 in current year. Chairman says prospects look good and group is poised to continue its growth path. Meeting, Chartered Accountants' Hall, EC, October 6, noon.

MELODY MILLS—Results for March 31 1978 year already known. Group fixed assets £1.37m (£1.31m), net current assets £2.06m (£1.71m). Meeting, Leicester, October 5 at 11 am.

MONTAGUE BOSTON INVESTMENT TRUST—Gross income for six months to July 31, 1978, £265,600 (£292,300). Net revenue £60,100 (£62,400) after all charges including tax of £65,300 (£57,400). Net asset value per 10p share 63p (54½p as at January 31, 1978).

MUAR RIVER RUBBER COMPANY—Results for March 31, 1978, year reported August 11. Group fixed assets £2.71m (£2.04m), listed investments at cost £3.23m (£2.92m), unlisted at cost £0.22m (same). Current assets £1.24m (£1.61m), liabilities £0.8m (£0.91m). Working capital decreased by £367,178 (£398,829 increase). Meeting, 10-13, Mincing Lane, EC, October 11, 12.30 pm.

PMA HOLDINGS (furniture manufacturer)—Results for March 31, 1978, year reported July 27 in full preliminary statement. Group fixed assets £1.24m (£1.29m), current assets £2.66m (£3.29m), liabilities £2.65m (£2.86m). Net liquid funds increased by £239,145 (£285,309 decrease). Meeting, Regency House, W. October 12, noon.

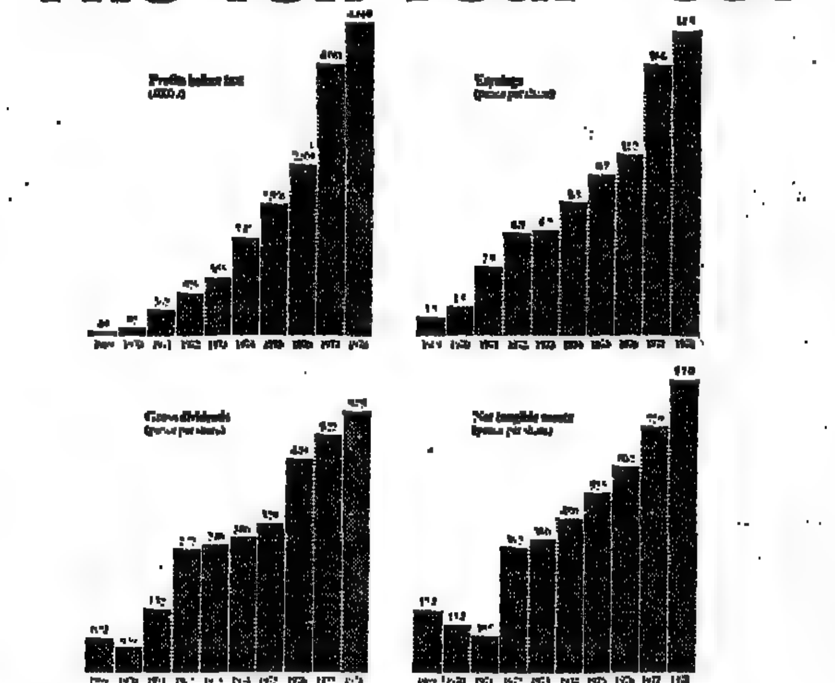
PARAMBE—No interim dividend for 1978. Consideration will be given to payment of final when year's results are known (no div. last year). Turnover half year to June 30, 1978 £34,859 (£22,685). Pre-tax profits £14,268 (£9,743) including profit on disposal of investments £3,313 (£6,479). Tax £3,355 (nil). Credit extraordinary items £5,500 (£5,896). Profit per share before extraordinary items 0.28p (0.26p). Net asset value per share 10.6p.

RESTMOR GROUP—Results for April 30, 1978 year reported August 23. Group fixed assets £1.3m (£1.2m), net current assets £1.62m (£1.17m). Net liquid funds increased £370,000 (£12,068). Meeting, 54, Baker St., W. October 13, 11.30 am.

RIVOLI CINEMAS—Profit for year to April 5, 1978, £46,483 (£37,925), before tax £14,364 (£21,684). Dividend 19.744p (15.884p) net per 50p share.

SECOND ALLIANCE TRUST COMPANY—Results to July 31, 1978, reported August 26. Quoted UK investments at cost £19.65m (£18.97m), quoted elsewhere £10.32m (£10.06m). Market value UK £32.99m (£27.49m), elsewhere £19.37m (£13.72m). Increase in liquidity £971,000 (£29,000 decrease). Meeting, Dundee, October 6 at 11.30 am.

The Ten Year Test



"We remain most confident of prospects for our principal operations are in sectors where excellent long term growth opportunities exist.... I am able to advise that the opening weeks of the current financial year are maintaining a good level of orders, sales and profits"... extract from Chairman's Statement 5th September, 1978.

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J.B. Holdings

The Johnston Group of Companies

Engineering and hydraulics, civil engineering supplies, civil engineering and road maintenance.

INTERIM REPORT

	Six Months to 30th June 1978 £	Six Months to 30th June 1977 £	Year 1977 £
Turnover	10,332,000	8,967,000	21,004,000
Profit before Tax	957,000	928,000	2,702,000
Profit after Tax	460,000	446,000	1,256,000
Dividend per Share	0.58p	1.00p	1.06p

Dividend payments in 1978 to be more equally apportioned between the interim and final. Profits for the full year expected to be not less than those for 1977.

Copies of the Interim Report may be obtained from the Registrar, Midland Bank Limited, Registrar's Department, Courtwood House, Silver Street Head, Sheffield, S1 3RD.

This announcement appears as a matter of record only

THE ASSOCIATES

Associates Capital Corporation

$10,000,000

Canadian

Medium Term Loan

Guaranteed by

Associates Corporation of North America

Arranged and Provided by

Merrill Lynch International Bank Limited

July, 1978

NOTICE OF ISSUE — ABRIDGED PARTICULARS

Application has been made to the Council of The Stock Exchange for the undermentioned Preference Stock to be admitted to the Official List.

The Bristol Waterworks Company

(Incorporated in England on the 16th July, 1846, by the Bristol Waterworks Act, 1846.)

OFFER FOR SALE BY TENDER OF £5,000,000

7 per cent. Redeemable Preference Stock, 1983

(which will mature for redemption at par on 30th November, 1983)

Minimum Price of Issue £97·50 per £100 Stock

yielding at this price, together with the associated tax credit at the current rate, £10·71 per cent.

This Stock is an investment authorised by Section 1 of the Trustee Investments Act, 1961, and by paragraph 10 of Part II of the First Schedule thereto. Under that paragraph the required rate of dividend on the Ordinary Capital of the Company was 4 per cent. but, by the Trustee Investments (Water Companies) Order 1973, such rate was reduced to 2·5 per cent. in relation to dividends paid during any year after 1972.

The preferential dividends on this Stock will be at the rate of 7 per cent. per annum. The associated tax credit at the present rate of Advance Corporation Tax (33/67ths of the distribution) is equal to a rate of 3 30/67ths per cent. per annum.

A deposit of £10 per £100 nominal amount of Stock applied for must accompany each Tender which must be received at National Westminster Bank Limited, New Issues Department, P.O. Box No. 79, Drapers Gardens, 12, Throgmorton Avenue, London EC2P 2BD, in a sealed envelope marked "Tender for Bristol Waterworks Company Stock" not later than 11 a.m. on Tuesday, 26th September, 1978, being the time of the opening of the subscription lists, and before which no allotment will be made. The balance of the purchase money must be paid on or before 4th December, 1978.

STATUTORY AND GENERAL INFORMATION

The Company was incorporated by a Special Act of Parliament in 1846 and under that Act and subsequent Acts and Orders obtained powers for supplying water in an area of approximately 2,400 square kilometres comprising the major part of the County of Avon (including the City of Bristol) and parts of Somerset, Gloucestershire and Wiltshire.

The population in the area now served by the Company is about 977,000. The daily consumption of water supplied by the Company for domestic, industrial and public use currently averages about 290 thousand cubic metres. The length of mains operated by the Company is some 5,700 kilometres.

The net proceeds of the present issue will be used to redeem maturing Preference Stocks, to repay mortgages and short term borrowings, and the balance to fund the continuing programme of necessary capital works. Further funding will be required in due course.

Copies of the Prospectus, on the terms of which alone Tenders will be considered, and Forms of Tender may be obtained from:—

Seymour, Pierce & Co.,
10, Old Jewry, London EC2R 8EA.

Hoare Govett Limited
1, King Street, London EC2V 8DU.

National Westminster Bank Limited,
New Issues Department,
P.O. Box No. 79, Drapers Gardens, 12, Throgmorton Avenue, London EC2P 2BD.

National Westminster Bank Limited,
31, Corn Street, Bristol BS99 7PZ.

or from the Principal office of the Company at Bridgwater Road, Bristol BS99 7AU.

...NING NEWS

...loof profits heading for a new peak

BY KENNETH MARSTON, MINING EDITOR

...ABLY, the annual statements of the chairmen of the ...dated Gold Field's group's ...African gold and uranium ...tress the continued rise in ...costs and the reduced ...ivity of the labour force. ...this, and the increased ...ts made to the State, there ...of confidence engendered ...strength of the gold price ...ppears to be firmly based. ...A. Plumbridge, chairman ...of Gold Mining, reckons ...is mine's monthly milling ...ould rise from its present ...about 160,000 tonnes to ...e plant capacity of 180,000 ...by the end of the year. ...oupled with a slightly ...gold yield, should result ...substantial increase in gold ...ion."

...us anticipates that in the ...year to next June a "...material" improvement in ...profit is on the cards with ...uent likelihood of another ...in the dividend. For the ...last June Kloof paid a ...40 cents (23.6p) following ...in 1976-77 and 47 cents in ...

...case of Libanon, a com...ith fortunes very closely linked to those of the bullion price, Mr. Plumbridge expects a somewhat lower gold production in the current year to next June in line with an expected fall in the gold recovery grade. The effects of this on earnings, however, should be offset by the higher gold price and, here again, an increased dividend is in prospect.

Mr. P. W. J. van Rensburg of Doornfontein comments on the relatively short remaining life of the mine. Moves to extend this include the proposed acquisition for R1m, payable in 172,000 shares to Gold Fields of South Africa, of mineral rights covering 563 hectares to the south of the existing mining lease area.

Doornfontein's gold output this year is expected to be about the same as in 1977-78, but because of a large capital expenditure programme which will be involved if the new area is purchased and the uncertainties regarding the gold price, the chairman declines to make any profit or dividend forecast at this stage.

Mr. van Rensburg also declines to make any earnings forecasts for Venterspost which still has a relatively large tonnage of marginally payable ore. Ore to be opened up by development is expected to be of lower value than that of the ore reserve and insufficient to replace that in the reserve at the current rate of mining.

Thus a decline in both the quantity and the value of the ore reserve is to be expected in future. Thanks to an expected increase in the milling rate gold production should be maintained in the current year to next June. The mine comes into the State assistance scheme.

Mr. A. Louw anticipates higher gold production this year at West Driefontein and thus expects that profits and dividends "should at least be maintained." Capital expenditure in the current year is estimated at R9.5m.

Additional spending is likely to be incurred this year and for a number of years thereafter following the completion of investigations into the method of removing shaft ore pillars in the western and central sections of the mine so that the recovery of payable ore from these sources is maximised.

...ew snag for Ranger uranium

..."on again-off again"... ...nt to enable development ...Ranger uranium deposit ...ko-Wallsend and EZ ...es in Australia's Northern ...y has run into another ...snag. An interim ...on was taken out ...y in the Northern ...y Supreme Court restrain... Northern Land Council ...ming the agreement with ...eral Government, which ...eduled to take place on ...y.

...eems certain to prevent ...ning taking place as ...report James Forth from ... Yesterday the Federal ... was holding an ...cy meeting chaired by ...ng Prime Minister, Mr. ...Anthony in the absence ... Prime Minister, Mr. Fraser who is overseas. ...urther development some ...members are mounting a ...e to the administration of ...ncil.

...C has for some time been ...ng with the Federal ...ent over the royalties to ... to the Aborigines for ...ment. The agreement, ...rovided for royalties of ... cent compared with the ...intention of 2.5 per cent, ...lly ratified last week.

...er, this was not until a ...nute threat had been ... After agreement had ...ched the Federal Government ...e Pancontinental Mining ...n to extend the Arnhem ... to its Jabiluka uranium ...which is the largest found ...n Australia.

...Aborigines are firmly ... to development of ... and objected to the go... ...r the highway extension.

The chairman of the NLC, Mr. Galarrwuy Yunupingu, then threatened to hold off ratifying the Ranger agreement.

Mr. Yunupingu later agreed to recommend ratification after a meeting with Mr. Fraser, Mr. Anthony and the Minister for Aboriginal Affairs, Mr. Paul Viner.

A storm has since blown up because it has been claimed that Mr. Yunupinhu only agreed after the government had threatened that failure to do so would result in the NLC's powers being curbed.

Both Mr. Anthony and Mr. Yunupingu yesterday denied that threats had been made, but Mr. Yunupingu added that he had acted in the only way possible to protect the survival of the council and its negotiating power.

A group of council members are also seeking an emergency meeting to declare management and administrative positions vacant. They are seeking the replacement of the manager, Mr. Alex Bishaw, with an Aboriginal, Mr. Wesley Lanaphuy. Earlier this week a field officer with the NLC, Mr. Dehne McLaughlin resigned over the handling of the consultations about the agreement and alleged "strong-arm" tactics used by the Government.

The continuing dispute over Ranger threatens to prevent development getting underway before the start of the wet season, which could delay the project by a further 12 months.

Canadian round-up

YET ANOTHER example of oil majors seeking diversification in the mining field comes with the news that Canada's Home Oil plans an open-pit metallurgical coal mine with an annual production capacity of 4.4m short tons at Elk River in British Columbia.

An application is to be put to the BC Government before the year end, reports Robert Gibbens from Montreal. The project will be operated by Elco Mining, representing a consortium of Home Oil (25 per cent), Steel Company of Canada (25 per cent) and a group of West German mining firms (50 per cent).

Gibbens also reports that for the first time Alberta and British Columbia coal is moving east in volume instead of west to Japan. The customer is Ontario Hydro for its thermal power stations in southern Ontario.

This slows the flow of coal from the northeast U.S. mines to southern Ontario via the Great Lakes Water System. For generations, plentiful American coal handled by rail and water has helped to develop the Ontario manufacturing economy.

Already, trial shipments of western coal have moved to the Hamilton steel mills of the Steel Company of Canada. There is a strong possibility the Ontario steel industry will later use considerable amounts.

The western coal now moves by Canadian National and Canadian Pacific trains from Luscar Mines in Alberta and Byron Creek Collieries in British Columbia to the new bulk handling terminal on McKellar Island, Thunder Bay.

The new terminal, which will eventually have 12m tons of capacity, has taken four years to build and is owned by a subsidiary of the Federal Industries group. By November, huge mechanical loaders will transfer the coal from stockpiles to ships bound for southern Ontario. The 750 ft-long lakes vessels each have a capacity of 30,000 tons. The terminal company gets a handling fee and has a contract to load the ships for Ontario Hydro for 15 years.

The economics of transporting western coal to the industrial east have now been established, partly as a result of the sharp rise in the price of American coal in the past three or four years and heavy demand. Start-up of the new trans-Canadian system comes at a point when the Japanese market particularly is slack and price pressures continue.

Among other Canadian mining news, Zapata Corporation has approved proposals to amalgamate Granby Mining, Granisle Copper and Zapata Canada into a single Canadian company to be named Zapata Granby Corporation.

The newcomer would own Zapata's Canadian operations, mainly in copper mining. Zapata Canada, a wholly-owned subsidiary of Zapata Corporation, holds 93 per cent of Granby which, in turn, owns 98 per cent of Granisle.

Finally, a contract worth C$250,000 (£109,000) has been signed by Davidson Tisdale Mines with JM Ore Dressing Equipment of Timmins, Ontario, for the opening up of old gold properties in the area which were in production in 1920.

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INTERIM STATEMENT (Unaudited)

Half Year to 30th June 1978

Chairman's Interim Statement from Mr. S. A. Field

£000

	1978 1st half Year	1977 1st half Year	Full Year 1977
...over	12,349	12,316	23,154
...it before tax	950	1,241	2,217
...t	357	353	628
...it after tax	593	888	1,589
...erence Div.	2	2	4
...lable Ordinary	591	886	1,585
...dends	358	330	749
...ined	233	556	836

...interim dividend of 1.75 pence per share ...) (1977 — 1.625 pence: 6.5%) has been ...red payable on 10th November 1978 to ...bers registered on 13th October 1978.

...x ...figure of £357,000 is based on an estimation ...e effects of the change in accounting policy ...deferred taxation in the annual accounts. ...figure for the first half of 1977 has been ...ted.

In the period 1st January to 30th June 1978, turnover was £12,349,000 and profit before tax was £950,000 (unaudited). Comparative figures for each six month period in the last 2½ years are given below.

Group Trading and Results in the first half of 1978 followed much the same pattern as was experienced in the second half of last year. However, the second half of 1978 has started well and if the current trend continues profit for the full year should not be less than was achieved in 1977.

Profit before tax £000

	1976	1977	1978
First Half Year	1,578	1,241	950
Second Half Year	1,638	976	—
Total	3,216	2,217	—

Turnover £000

	1976	1977	1978
First Half Year	10,364	12,316	12,349
Second Half Year	12,135	10,838	—
Total	22,499	23,154	—

JAPANESE FIRMS IN AUSTRALIAN COPPER SURVEY

Basic agreement has been reached between Japan's Nissho-Iwai and Sumitomo Metal Mining with Australia's CSR for a joint survey of copper resources in South Australia.

Nissho-Iwai is reported to have said that a contract would be signed with CSR this month to survey resources north of Adelaide for three years starting before next January. The Japanese firms will put up the entire survey cost of A$1.4m (£825,000).

METALS EX. IN TIN VENTURE

Metals Exploration of Melbourne has taken an option on acquiring an 85 per cent interest in abandoned Mount Bischoff tin mine in north west Tasmania, and, as part of a two-tiered deal, has given CRA Exploration, a Conzinc Riotinto of Australia unit, an option on part of its stake.

Mount Bischoff is presently owned by Comstaff and Preussag Australia. It was worked as an opencast mine between 1871 and 1947.

A statement from Metals Ex, released yesterday, explained that CRA Exploration would undertake and finance test work. By proceeding through three stages of exploration CRA Exploration may earn a 51 per cent interest, thus reducing the Metals Ex stake to 34 per cent, with Comstaff and Preussag retaining 15 per cent.

If a decision not to develop the property is made by January 1, 1983, the property will revert to Comstaff and Preussag. If the property is brought to production Metals Ex and CRA Exploration will have to provide the funds, while Comstaff and Preussag will retain a 15 per cent share in the profits.

TAVISTOCK COAL

South Africa's Tavistock Collieries, in which Johannesburg Consolidated is the chief shareholder with a 53 per cent stake, says in its annual report that the South African coal industry has been promised an annual review of the controlled domestic price of coal every September in future.

In February this year the price was raised by 86 cents per tonne to R7.76 (£4.58) per tonne, benefiting Tavistock for five months of its financial year to June 30.

The group sold 3.7m tonnes of coal from its three collieries last year for a turnover of R25.6m and an operating profit from coal of R3.9m. Its cost of production at R5.86 per tonne is one of the lowest in the industry and with its efficient operations, the dividend has risen from 33 cents to 200 cents over the past four years.

MINORCO

Minerals and Resources Corporation says that in its statement published on September 15 it was announced that the last day to register for the final dividend No. 83 of 8 U.S. cents a share for the year ended June 30 1978, was Thursday, September 28, 1978. This date should have read Friday, September 29, 1978.

Electric & General up at three months

Earnings of Electric and General Investment Co. for the three months to August 31, 1978, climbed to £80,145, against £478,127, after tax up from £30,736 to £49,336.

At the end of the quarter net asset value per 25p share was higher at 111p (90p). Earnings per share came out at 0.49p (0.27p).

The result was after interest charges and expenses down from £86,718 to £73,403.

Floods cut Indian grain crop

NEW DELHI, Sept. 19.

THE SUMMER floods in India are believed to have destroyed between 2m to 3m tonnes of food grains, Mr. Surjit Singh Barnala, Agriculture Minister, said here today, reports Reuter.

But he said that India's Kharif (summer sown) crop should still be as much as last year's record 77m tonnes because the abundant rains had improved productivity in areas not affected by the floods.

Foodgrains production in 1978-1979 should exceed last year's 126m tonnes in spite of the losses.

Mr. Barnala said there was also some damage to foodgrains stocked in temporary or makeshift shelter in the open, but he was unable to say how much it would be.

There were "some" reports of damage to the Indian sugarcane crop. But losses would not be high since cane was a sturdy crop and would be damaged only if it was under water for a prolonged period.

However, Mr. Barnala added that the sucrose content might be hit.

Tenant group controls flats

A SMALL COMMUNITY in the East End of London has taken over the running of its GLC homes and has become the first council tenants' co-operative in England.

The venture, known as the Stephen and Matilda Tenants' Co-operative, has been set up in a pre-war block of 133 flats in St. Katharine's Way, Wapping. The GLC has spent nearly £300,000 making the block weatherproof and the co-operative members have decorated and prepared the homes.

U.S. magnesium price to rise

NL INDUSTRIES INC. will increase its price from 99.8 per cent magnesium ingot by 6 cents to $1.07 per pound effective with shipments October 1, the company said, reports Reuter.

The price for grinding slab will also be increased, by 5 cents to $1.07 per pound.

BIDS AND DEALS

Comben close to control of Orme as 44% accept

Comben Group appears to be close to obtaining control of Orme Developments, its fellow housebuilding group. Comben's revised offer had been accepted by holders of 44.4 per cent (8,065,603 shares) of Orme yesterday morning and further acceptances were received in the course of the day.

"Acceptances are coming in at a very satisfactory rate," said Mr. Michael Peterson of Barclays Merchant Bank, adviser to Comben Group, yesterday. He said he hoped to be able ot make a further announcement today.

The cash offer has now closed but the cash-and shares offer remains open.

If, as seems possible, the offer is soon declared unconditional, the Board of Orme will meet to decide whether to recommend the cash and shares offer. This offer was not previously recommended, but a change of heart could take place if control were to pass to Comben.

Saint Piran, which owns 28.2 per cent of Orme, might also want to reconsider its refusal of the offer. It is believed that Saint Piran wanted to have an important part in running Orme and to be able to consolidate Orme's earnings in its own accounts. These circumstances would be unlikely to exist if Orme became a subsidiary of Comben.

Saint Piran may attempt to get a further (third) revision of the terms before accepting but this will be resisted by Comben.

ROTHMANS

Rothmans International has approved the proposed acquisition of the Canadian assets of the Rupert Group by subsidiary Martin Brinkmann AG.

The assets of the Rupert Group include 93.6 per cent of the equity of Rothmans of Pall Mall Canada which in turn owns 50.1 per cent of the stock of Carling O'Keefe.

The Rupert Group holds a substantial interest in Rothmans International.

Rothmans International said the transaction, which has received approval from the Foreign Investment Review Agency of Canada is scheduled for closing on September 21.

PENTOS/MIDLAND EDUCATIONAL

Shareholders of the Midland Educational Company have been personally invited to visit one of the bookshops owned by Pentos, the publishing to garden products group.

The offer is made in the formal document explaining Pentos' £2.2m bid for ME.

Pentos, which already owns 4.9 per cent of Midland's equity, is offering 130p in cash for each of the 1.3m outstanding Midland ordinary stock units of 50p. Pentos is also offering 65p in cash for each Midland preference share of £1.

The bid, which values ME at £2.2m, is considered "totally inadequate and unacceptable" by the Midland Board.

In his statement to Midland Educational shareholders Mr. Terry Maher, Pentos chairman, says that after a visit to one of the Pentos shops, "I am sure you will begin to question the advice which your directors have received to dismiss our approaches out of hand."

Discussing the detailed reasons for the bid, the Pentos offer document stresses the company's strong Midlands base.

Bookselling, says Pentos, has traditionally lagged behind developments in other forms of retailing.

The document maintains meanwhile that advances in modern data handling technology are at a crucial stage. Pentos is planning to implement a system which will give its customers access to its entire stock of 250,000 books.

"Midland was originally formed to meet the need for a more efficient distribution of books and other educational material. Pentos considers that a merger with its own retailing and distribution business will greatly advance this objective."

BICC

Shareholders of General Cable Corp. approved the proposed purchase of 2.87m of its shares, or 20.1 per cent of its common outstanding, from BICC for about $53m, or $18.50 a share.

NORWEST HOLST

Norwest Holst's proposed purchase of 97-121, Vicar Lane, Leeds for £1,650,000 from Trinette, a company in which two directors of Norwest Holst, Mr. A. J. Lilley and Mr. R. Slater, are interested, was approved at EGM.

ASSOCIATES' DEALS

Laurence Trust sold 2,500 Compton Sons and Webb at 65p on behalf of an associate.

E. B. Savory, Milln, bought 7,000 Weston-Evans ordinary shares at 161p on behalf of Johnson and Firth Brown.

SHARE STAKES

Brooke Bond Liebig — A trust, of which Mr. D. M. S. Baxter is a trustee has sold 80,000 ordinary.

UDS Group — Sir Jack Lyons has beneficially purchased 50,000 ordinary stock units.

Victor Products (Wallsend) — R. W. Mann trustees have disposed of 300,000 ordinary reducing their holding to 25,741 shares. Phil Drew Nominees, as nominees for the Victor Products pension scheme have acquired 168,365 ordinary increasing the Pension Fund's holding to 1m shares (36.16 per cent).

Yorkshire Fine Woollen Spinners — Manchester nominees has acquired 147,500 ordinary. Aldermanbury Trust, has sold 34,417 ordinary shares reducing its holding to 100,000 ordinary. These are also shares in which Mr. G. Greenwood, a director, had an interest.

Dixor — Mr. A. B. Smith, a director has sold 100,000 shares. Mr. S. Y. Jones has bought 1,000. Mr. P. G. Belak has bought 23,082, Mr. D. N. Wood has bought 23,082, Mr. N. H. Davies, a director, has bought 23,081 and Mr. A. D. Stark, a director, has sold 69,245 shares.

Birmingham Mint: Mr. C. H. Perry has sold 22,000 ordinary shares being part of the shares held on Mr. Perry's behalf by Finsbury Pavement Nominees.

A. and C. Black: Park Place Investments has increased its holding by 5,000 ordinary shares making a total holding of 90,500 shares.

R. and J. Pullman: Mr. R. R. Specterman, a director, has sold 30,000 ordinary shares.

Vickers: Norwich Union Fire Insurance Society holds £455,000 (nominal) cumulative preference stock (8.62 per cent).

Finance and Industrial Trust: Harmer Finance has purchased a further 12,500 ordinary shares and now hold 1,677,500 shares (03.13 per cent).

Diploma Investments: Mr. R. J. M. Pope, a director, has sold 2,000 ordinary shares and Mr. A. M. R. Parkinson, a director, has sold 2,000 ordinary shares.

Brown and Tawse: Mr. D. K. Rae, a director, has sold 8,000 ordinary shares.

Glenmurray Investment Trust: Sir D. P. M. Malcolm, Mr. C. E. Thornton and Mrs. Y. E. Allen are the joint holders of 12,788 "B" ordinary shares (5.47 per cent).

Autolease sales already £20m

Autolease, a company associated with the Bristol Street Motors organisation, has achieved record vehicle sales of £20m through contract hire and leasing schemes so far this year. This is already an increase of 25 per cent over the whole of 1977.

Since the beginning of 1978, the company has introduced 280 new leasing fleet accounts with a potential of 30 vehicles for each client company.

Minty doubled at six months

Taxable profit at Minty, furniture makers, more than doubled from £43,990 to £94,236 for the half-year to July 29, 1978. Last year there was a record surplus of £189,982.

The net interim dividend is raised to 1.65p (1.5p)—the final for 1976-77 was 2.726p.

Back pain?

After the lotions, pills and medicines 'S' Range may be hard to swallow.

'S' Range

Most office seating puts considerable strain on your back because it takes no account of the natural S shape which your spine wants to adopt.

The second indigestible fact is that back pain keeps an average of 63,000 people away from work every day. And there are thousands more who aren't working efficiently because their backs are hurting.

Thirdly, 'S' Range seating is designed to coax your spine into its most relaxed and efficient posture. 'S' Range ergonomics and orthopaedics hand-in-hand with sensible economics.

'S' Range doesn't seem too hard to swallow. Please send me the easily digested facts.

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Index Guide as at September 12, 1978 (Base 100 at 14.1.77)
Clive Fixed Interest Capital 129.57
Clive Fixed Interest Income 114.59

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.
45 Cornhill, London EC3V 3PB. Tel: 01-623 6314
Index Guide as at September 14, 1978
Capital Fixed Interest Portfolio 100.00
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20th September, 1978.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Closer AMC link with Renault now thought likely

BY JOHN WYLES NEW YORK, Sept. 19.

RENAULT, France's Government-owned auto manufacturer, is thought to be considering a much more significant financial investment in its co-operation agreement with American Motors than was originally envisaged when the two companies signed an understanding last March.

This is believed to be one of the reasons for the delay in completing the final agreement which was due to bring Renault's R5 small car into AMC showrooms this autumn and to provide for the assembly of Renault's R18 at AMC's Wisconsin assembly plant in 1980.

Originally, Renault asserted that financing of the American assembly operation would be AMC's affair, but the small-car producer is strapped for cash for development and the whole project has been reviewed in the light of Chrysler's recent agreement to sell its European operations to Renault's rival, Peugeot-Citroen. Most observers, including Renault, will be surprised if the Chrysler-Peugeot arrangement does not ultimately lead to the marketing of Peugeot cars through Chrysler's U.S. and Canadian dealers, and within Renault this has sparked a debate as to whether the AMC link should not be given a greater emphasis.

Thus it appears more likely that Renault will bear some or all of the financing costs of converting an assembly line at AMC's Kenosha Wisconsin plant for R18 production.

It is too early to say whether this will lead to Renault taking an equity stake in AMC but it cannot be ruled out, because of the rapid pace of change in the world map of auto manufacturing.

The co-operation agreement with AMC was seen as a relatively economical means of establishing a firmer foothold in the U.S. car market. The R5 is competing with a variety of domestically and foreign produced small cars and is suffering from a lack of visibility which Renault hopes to remedy through access to AMC's 2,000 dealers. AMC in turn is looking for spin offs for its own sales through a broader product range and also to establish a significant European sale for its Jeep utility vehicles, which will be sold by Renault dealers.

Both companies asknowledge that their expectations last March of a full agreement within four or five months underestimated the complexities and they are both adamant that an agreement will be reached, possibly within two to three months. Now that it is ready to put money into the venture, however, Renault is treading carefully to avoid any commitment to supporting AMC's loss-making car manufacturing operation.

Mead files suit against Occidental Petroleum

DAYTON, Sept. 19.

MEAD CORPORATION, which is fighting off a $750m take-over bid by Occidental Petroleum, has filed suit in the U.S. District Court against Occidental alleging violations of Federal anti-trust laws in connection with proposed exchange offer, worth $35 for each Mead share.

Mead said the complaint alleges that the effect of the acquisition of Mead by Occidental would substantially lessen competition in violation of anti-trust laws in certain lines of commerce.

The complaint seeks injunctive relief, including permanently blocking Occidental from acquiring any additional shares of Mead.
Reuter

Pan Am-National

Pan American World Airways told the Civil Aeronautics Board that at the close of business on September 15 it had purchased 1,614,000 shares on National Airlines common, or 18.9 per cent. Reuter reports from New York. Total cost, including broker commissions, was more than $55.4m. Pan Am said.

Nalco spending

Capital spending by Nalco Chemical will exceed $100m between 1979 and 1990. AP-DJ reports from Philadelphia. Some $27m of the total will go for construction of a new technical centre in Illinois for expanded research activity. An additional portion will be devoted to overseas projects, which include building of new chemical plants in Saudi Arabia, Colombia and France.

AT & T gain

AMERICAN Telephone and Telegraph announced net earnings for the three months to August 31 of $2.09 a share against $1.82 previously, reports Reuter from New York. Total net of $1.42bn compares with $1.18bn, and sales of $10.37bn with $9.15bn.

For the full year, earnings of $7.59 a share compare with $6.72. Total net of $5.10bn increased from $4.30bn and sales of $39.62bn from $35.12bn.

CANADIAN PULP AND PAPER

Changes in a traditional pattern

BY ROBERT GIBBENS IN MONTREAL

THERE IS a strong possibility of a major realignment of the Eastern Canada pulp and paper industry—where most of the country's 10m tons yearly newsprint capacity is centred. This could lead to important changes in control. UK newspaper interests for several generations have held major interests in the Eastern Canada mills, taking substantial production despite the dominant role played by the American market.

Late in the summer, Canada's largest forest products company, MacMillan Bloedel, based in Vancouver but with its foot in Eastern newsprint production through the Rothesay Mill in New Brunswick, confirmed it was looking over the remaining assets of the troubled Reed Paper Ltd. unit of Reed International, with a view to possible acquisition. However, industry analysts do not believe MacMillan is interested in all the assets not already sold by Reed Paper.

MacMillan's largest single shareholder is the Canadian Pacific (CP) group, of Montreal, with around 15 per cent of the stock. CP also owns Great Lakes Paper in Ontario, a major force in the industry.

Then, a couple of weeks ago, a group headed by Mr. Maurice Strong, former senior United Nations official and former Canadian businessman who made his personal fortune in oil exploration, began buying into Toronto's Abitibi Paper, which with 58 per cent owned Price Co. of Quebec City, is the world's largest newsprint producer.

Mr. Strong and his associates acquired around 1.8m Abitibi shares at an average C$17 a share or about 10 per cent of outstanding Abitibi stock. Up to that point, no other holder of Abitibi had more than 3 or four per cent.

It appeared that the Strong group, whether acting for itself through a Toronto holding company HCT Holdings Ltd., or on behalf of unidentified major financial interests, had got effective control of Abitibi. It was even rumoured that Mr. Strong might become chairman and make management changes—despite the fact he has stated his intention of running as a Liberal for the Federal Parliament.

Earlier rumours that Abitibi would try to fend off a possible takeover bid from unspecified quarters by offering its own stock for the minority holdings in Price Co. did not prove true.

Next, Consolidated-Bathurst, pulp and paper arm of Power Corporation of Canada, the transportation and financial services group headed by Mr. Paul Desmarais, of Montreal, increased its holdings in Price Company (the Abitibi associate) from about 6 per cent to more than 10 per cent for investment purposes. It said it might acquire more if the share price were right.

Consolidated-Bathurst came by its 6 per cent Price Company block during the fight by Abitibi for control of Price Company several years ago. As a consequence of that contest, the Associated Newspapers Group of the UK swapped a sizeable stockholding in Price Company for one in Consolidated-Bathurst.

Now there is a further dimension to the puzzle. Inevitably this concerns the big Toronto holding company Argus Corporation, founded by financier Mr. E. P. Taylor, and controlling Massey-Ferguson, Dominion Stores, the big supermarket chain, communications interests and Domtar, the Montreal-based building materials, chemicals and pulp and fine paper producer.

A surge in earnings in the pulp and paper companies has been accompanied by significant shifts in the shareholdings of major groups. It seems likely that the industry is undergoing a major change in structure, but it is not yet clear what realignment will emerge

At this point pulp and paper industry watchers felt their imaginations ready to take off. Mr. Strong more than ten years ago was president of Power Corporation before Mr. Desmarais took control and expanded it. Was there a link between the Strong group buying 10 per cent of Abitibi and Consolidated-Bathrust buying more Price Company stock, or were both groups simply seeking capital gains as newsprint earnings zoom?

On reflection, most analysts did not see the potential alchemy between Mr. Strong and Mr. Desmarais. Anyway, both Abitibi and Price Company stocks have gained several points in the market because of the big stock acquisitions—and Abitibi last night closed at C$18½ against the buying in price of C$17 for the Strong group.

Power Corporation's Mr. Desmarais, more than ten years ago obtained a 10 per cent voting stake in Argus via another deal little publicised at the time. He and Mr. Taylor were well acquainted, and it was partly through Mr. Taylor later that he was able to increase his equity holdings in Argus.

However, the former Argus management always refused to accept a Desmarais representative on the Argus Board and relations between the two holding companies were hardly warm.

In the past six months, another group headed by 33-year-old Conrad Black, son of one of the co-founders of Argus, has taken active control of Argus. There is no reason yet to believe it would accept a Desmarais representative.

But in the past few days stock of Domtar has bee[n] active and higher, with [...] large blocks passing through [the] market. Analysts are now sa[ying] Mr. Desmarais and the chie[f of] Consolidated-Bathurst, William Turner, may be m[ore] interested in Domtar tha[n] Abitibi, and perhaps a [...] might be possible with the Argus management.

There is one problem in [this] scenario. Why would Argus [want] to let Domtar go—its pulp [and] paper assets are in Quebec [and] eastern Ontario and P[ower] Corporation has denied ha[ving] designs on Abitibi? Prope[rly] this sudden interest in the [pulp] and paper industry, on the r[ocks] only two years or so ago, is [the] surge in earnings that most [com]panies are showing this [year], particularly those heavy in n[ews]print and able to take maxi[mum] benefit from the 14 per cent [dis]count on the Canadian do[llar]. Three-quarters of Canada's n[ews]print is sold in the U.S.

Industry insiders believe [earn]ings in the second half [will] generally be better than pre[vail]ing market forecasts. How[ever] the "quality" of some [com]panies' earnings and their a[bility] to finance expansion must de[pend] heavily on exchange profits r[ealised] on American sales.

Only the top players can [say] what re-alignment of the ind[ustry] will emerge.

Pillsbury moves ahead

BY OUR OWN CORRESPONDENT NEW YORK, Sept. 19.

PILLSBURY, the leading manufacturer of convenience foods which has agreed in principle to acquire Green Giant, the Minneapolis-based food group, has started the current year with a profits gain of 12½ per cent. First quarter earnings advanced from a corresponding $17.11m, or 98 cents a share, to $19.25m, or $1.10 a share. Sales advanced by 20 per cent from $385.4m to $462.6m.

Meanwhile Pillsbury's offer for Green Giant, a cash tender of $37.25 a share, values the Minneapolis company at 16.7 times earnings, a rating which some share analysts have decided is a high price to pay in spite of the obvious attractions of the deal in terms of product fit and Green Giant's strong brand name.

Green Giant's main product line is canned vegetables but the company has also moved into the speciality frozen vegetables market and increased its restaurant interests. In its latest fiscal year to May, 1978, the company reported sales of $485m and a net income of $10.4m or $2.23 a share. In 1976, net income was only $4.5m against $8.8m in 1975, underlining what had been a cyclical earning trend.

Levi Strauss moves ahead

SAN FRANCISCO, Sept. 19.

LEVI STRAUSS, the world's biggest jeans producer, made sound headway in the third quarter, after a small reverse in the second quarter. Net earnings climbed from a corresponding $36.1m, or $1.64 a share, to $41.4m, equivalent to $1.87 a share. Sales totalled $471.9m, against $433.4m in the corresponding period last year.

Net earnings at the nine-month stage totalled $104.7m, or $4.74 a share, compared with $95.7m or $4.32 a share in 1977, on sales of $1.2bn, against $1.1bn

Last week it was revealed that Levi is to receive $500,000 in an out-of-court settlement in London relating to alleged pirating of its products.
AP-DJ

Carrier gets $1bn takeover bid

BY OUR OWN CORRESPONDENT NEW YORK, Sept. 19.

UNITED TECHNOLOGIES, the diversified manufacturer for whom growth by acquisition has become a way of life, has launched the second-largest merger bid of the year with a $1.02bn proposal for Carrier Corporation, the leading U.S. air-conditioning manufacturer.

United's move consolidates the trend towards ever-larger takeover bids. A recent survey suggested that acquisitions of companies valued at more than $100m had nearly doubled from 20 in the first half of last year to 37 in the first six months of 1978. Since June, however, Occidental Petroleum has made its contested bid for Mead Corporation of close to $1bn and Standard Oil of California is trying to acquire Amax for more than $2bn.

United Technologies has been looking for a major acquisition since it was defeated last year in the bid battle for Babcock and Wilcox, which eventually went to J. Ray McDermott for close to $750m in cash and stock. The attraction of Carrier Corporation is manifest: a high technology manufacturer with sales of more than $2.1bn, a projected earnings increase of close to 50 per cent this year, and a share price of $20½ last Friday, which left the company selling at around six times probable 1978 earnings, significantly below the median price/earnings ratio.

The announcement yesterday by Mr. Harry Gray, the chairman and president of United, implied that a friendly merger was the objective. Mr. Gray said that Carrier Corporation's management had been invited to begin immediate negotiations on a merger of the two companies, which United wished to accomplish through a tax-free exchange of securities. As an alternative, United was proposing a cash tender offer for approximately 49 per cent of Carrier's common stock and for the common stock to be issued on conversion of Carrier's $1.52 convertible preferred stock.

In total, this would involve the purchase of 17m shares at a cost of around $476m, or $28 per share. If such a tender offer were made, United would hope to acquire the balancing 51 per cent through a merger involving payment in cash or securities. Carrier would be represented on United's board, and the company, which is based in Syracuse, New York, would continue to operate under its present management.

In a brief public acknowledgement of the "unsolicited" letter containing United's proposal, Carrier said yesterday that it would have no comment before the company's management and board of directors had studied the matter.

At slightly under 10 times expected earnings, United's offer is somewhat below the going rate for tender offers. But Carrier's stock has been relatively undervalued by the market and the 40 per cent premium on the recent share price may tempt the company's management. Carrier has been surrounded by merger rumours since the spring, and the shares have been traded heavily. About one-third of its income comes from air conditioning equipment, another third from industrial compressors, and since the purchase of Inmont Corporation late last year, a further third from industrial paints and dyes.

Good year for Addressograph

CLEVELAND, Sept. 19.

A STRONG FOURTH quarter is reported by Addressograph-Multigraph, the graphic and data business equipment maker, and the group is raising its quarterly dividend from 5 cents to 7 cents a share.

Net earnings for the final three months totalled $8.1m or 97 cents a share, compared with a loss of $14.5m in the same period of 1977. Sales advanced by 22 per cent, from $159.9m to $185.9m.

Earnings for the year ended July 31 amounted to $21.3m, equivalent to $2.54 a share, compared with a loss of $19.3m previously.
Agencies

EUROBONDS

First Danish convertible

By Nicholas Colchester

THE FIRST convertible [...] bond issue by a Danish com[pany] was announced yesterday [by] Novo Industri a/s, the p[arent] company of an internat[ional] pharmaceutical group. The [com]pany is raising $20m to fi[nance] its expansion and, in parti[cular] the construction of a [...] enzymes plant in North Car[olina]. Novo's specialty is the ma[nufac]ture and sale of insulin [and] enzymes.

The issue is being manag[ed by] Morgan Grenfell, and the [terms] are expected to be fixe[d on] October 2, with the offeri[ng] the following day. A coup[on of] 7 per cent is indicated. [The] bonds will be due for repa[yment] in 1989. Alternatively the[y will] be convertible into Bear[er] shares of Novo on or after [...] 15, 1979. The conversion [pre]mium will be about 10 pe[r cent] and the bonds will be iss[ued at] par.

In the Eurobond seco[ndary] markets the dollar sector [was a] little weak yesterday with [prices] falling by between ¼ and [...] slack trading. Dealers said [that] the selling—chiefly from p[rofes]sionals rather than inves[tors]— was a reaction to the conti[nued] rise in short term interest [rates] in the U.S. with the conse[quent] fall on Monday in the U.S. [bond] market and the increase i[n the] cost of financing market [posi]tions. The weakness of the [dollar] yesterday did not help the [mar]ket either.

The Deutsche Mark mark[et was] also a little soft yesterday, with trading at a low leve[l. One] dealer thought that m[arket] makers had overreacted [to the] rally at the end of last wee[k and] were yesterday reducing positions.

Ennia Insurance Group continues steady development in first half of 1978

Interim figures in Dfl. million (unaudited)	First Half Year 1978	First Half Year 1977	1977	1976	1975
Gross Premium Life Assurance	**422.0**	371.3	716.3	607.8	743.5
Gross Premium General Insurance	**317.5**	255.3	505.7	414.6	380.7
Other Income	**311.1**	260.4	565.4	454.9	356.0
Gross Receipts Unconsolidated Company	**30.6**	23.4	62.3	46.8	—
Gross Receipts	**1,081.2**	910.4	1,849.7	1,524.1	1,480.2
Per Ordinary Share Dfl. 20.00	**Dfl.**	Dfl.	Dfl.	Dfl.	Dfl.
Shareholders' Funds	**270.44**	249.95	272.20	241.09	246.39
Net Profit	**10.73**	10.35	23.95	20.71	18.45
Dividend	—	—	7.50	6.50	5.75

Ennia are a leading Dutch Insurance Group.

Indeed, in terms of gross recipts, we're one of the largest insurance groups in the Netherlands.

Between 1973 and 1977, total receipts have risen from Dfl. 906m. to Dfl. 1,850m., an annual average of 20%.

Profits have developed satisfactorily too: from Dfl. 22.2m. to Dfl. 42.9m. over the same period.

Three main activities

We operate internationally in three main areas: Life Assurance, General Insurance and some non-insurance but related fields such as personal loans, mortgages, property development and holiday centres—where our marketing strength, expertise in investment analysis and property management can be profitably employed.

Life Assurance accounted for 61% of our business last year. gross receipts have risen from Dfl. 631m. to Dfl. 1,125 in 1977.

General Insurance produced 32% of our income in 1976 and has increased from Dfl. 242m. to Dfl. 596m. in the past five years. Results were an improvement on previous years. Other countries and inward reinsurance have performed well. Non-insurance activities have grown to 7% of our business, from Dfl. 33m. in 1973 to Dfl. 128m. in 1977.

International growth

At the moment, most of our revenue is generated within the Netherlands, a home market that provides, overall, a sound and profitable base. But our overseas strength is developing well. We have offices, subsidiaries and affiliates in the United Kingdom, Belgium, the United States, the Caribbean, Republic of Surinam and the Middle East. They already contribute 20% of our total gross receipts, and we plan to increase that percentage.

Overall, Ennia have a record of producing sustained balanced growth at home and overseas to the benefit of both shareholders and policyholders.

Our interim results, just released, show the same picture: with gross receipts, and net profits increasing.

ennia nv
Churchillplein 1, The Hague. The Netherlands.

Balanced growth, internationally

To: The Company Secretary Ennia Insurance Co. (UK) Ltd., 130 Fenchurch Street, London EC3. Telephone: 01-488 3111.
Please send me the following: ☐ Interim Results in full ☐ Report and Accounts.
Name
Company
Address

This announcement appears as a matter of record only.

U.S. $25,000,000

The Copenhagen County Authority

(Københavns Amtskommune)

Private Placing

9½ per cent. Dollar Notes due 1st September, 1990

Daiwa Europe N.V.
Fuji International Finance Limited
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This transaction was initiated and co-managed by:
Blyth Eastman Dillon & Co.
International Limited

Financial adviser to The Copenhagen County Authority:
Gudme Raaschou

September 1978

INTERNATIONAL FINANCIAL AND COMPANY NEWS

BP France and Lafarge raising $109m by rights

BY OUR FINANCIAL STAFF

; WAVE of French rights ed resumed yesterday, with more companies calling for tal of FFr 480m ($109m). ete Française des Petroles said that it will make a three-our issue at par to raise 290m, while Lafarge SA, ng announced a potential tal increase a fortnight ago. the market for a one-for-five at FFr 200 per share to e up the other FFr 190m.

terms of scale, neither the France nor the Lafarge issues the same strain on the Paris se as did their immediate ecessors — Compagnie Fran- des Petroles went for a rd FFr 588m on August 23. St. Gobain just topped that a FFr 594m call a week . The fact that BP France wned as to 70 per cent by its parent, that it has not paid idend in four years and that "if necessary" will take up shares to complete the capital increase, put this issue even more firmly in its place.

M. Oliver Lecerf, chairman of Lafarge, told a Press conference that the issue will increase the company's capital to FFr 558m from FFr 465m and will yield FFr 190m including the issue premium.

M. Lecerf forecasts that the group share of consolidated profits this year could rise to FFr 180m from FFr 159m last year, with overall group profits rising to between FFr 200m and FFr 250m in 1979.

He said these prospects will make possible a substantial increase in the dividend to be paid in July next year.

In July this year, the company paid a gross dividend of FFr 16.77 per share for 1977.

M. Lecerf forecast that parent company net profits this year will rise to about FFr 120m from last year's FFr 89m.

The new shares will rank for dividend from January 1 this year.

M. Lecerf said that funds raised through the capital increase will be used either to acquire new shareholdings in other companies or to reinforce the financial position of existing subsidiaries.

● Honeywell Information Systems of the U.S. has been given French Government approval to purchase the 19 per cent stake in its time-sharing subsidiary Honeywell Bull-Network Information Service (HB-NIS) held by the French company Cie des Machines Bull, AP-DJ reports from Paris.

HB-NIS has part of the former Honeywell Bull Group, which was split up and remodelled to create CII-Honeywell Bull in which Honeywell Information Systems has a 17 per cent interest.

See Lex

Hoboken held back by low supplies

ANTWERP, Sept. 19.

EVENTS affecting Zaire copper supplies, and the weak zinc market, mean that the financial results of the Belgian metals group Metallurgie Hoboken-Overpelt for the year ending September 30 will be little changed from the previous year.

In 1976-77, Hoboken group net profit was BFr 380m on turnover of BFr 42.3bn.

Yields at the Olen plant have been hit by the uprising last May in the Kolwezi mining area and the difficulties faced by Zaire for many months in exporting its copper production, the company said.

Supplies at Hoboken's Antwerp plant are being hit by the shortage of copper waste and the slump in the market for copper concentrates.

Zinc prices in real Belgian franc terms fell this year to their lowest level since 1945, and the Overpelt plant is still suffering from the collapse in the zinc market.

Hoboken said that it hopes to start production of extra-fine cobalt powder in 1980 at a plant it will build near Laurinburg, North Carolina, with an annual capacity of around 500 tonnes.

The company has no plans to cut back on investments despite its current problems.

Reuter

AEG will pay Siemens $614m over KWU deal

BY GUY HAWTIN

FRANKFURT, Sept. 19.

SIEMENS and AEG-Telefunken have at last reached agreement on the extent of AEG's liabilities for losses arising from its venture into the nuclear power field. This means that for the first time since AEG got into financial difficulties, shareholders have a chance to assess the true damage that its nuclear involvement dealt the concern.

AEG—West Germany's second largest electrical concern—sold out its 50 per cent stake in Kraftwerk Union (KWU), Germany's major power station builder, to its partner Siemens late in 1976. The two concerns had merged their reactor interests in KWU in 1969.

However, the merger agreement, forced on a reluctant AEG by massive losses in 1974 and 1975, did not cover Siemens assumption of losses stemming from contracts brought by AEG into KWU. Although AEG set aside reserves of some DM 800m ($400m) to cover losses acruing from the contracts, it was believed that the full figures would be far higher.

Today's joint announcement by the two concerns stated that it had finally been agreed that AEG would pay some DM 1.22bn ($614m) to cover the losses on contracts brought into the power station construction group. AEG separately announced that this payment—together with the fact that its business had failed to reach expectations this year—would result in it reporting a 1978 loss.

The figure of DM 1.22bn announced today means that estimates of AEG's losses in the nuclear power field made in 1976 at the time of the KWU sale were not far from the truth. It was reckoned that its nuclear operations had cost AEG some DM 1.5bn, of which some DM 200m arose from contracts that were not brought into KWU.

Despite the sale of its KWU stake, AEG's recovery has been far from swift. In May this year, Dr. Walter Cipa, the concern's chief executive, stated that 1978 was unlikely to be a year bubbling over with success. Results in 1977 had been essentially more solid than in the previous year, he said, and further progress would be made.

Last year the concern made an operating surplus of some DM 8m on its domestic West German activities. At the same time, it once again added to its reserve against contingent liabilities.

The current year will, of course, be AEG's fifth in a row without dividends, and its shareholders have scant prospects of a payout in 1979. However, todays announcement removes a burden that has hung over the group for four years, and at least it will give analysts a reasonable chance of assessing its future prospects more accurately.

Norinvest still needs funds for survival

By Fay Gjester

OSLO, Sept. 19.

SHAREHOLDERS IN the troubled Norwegian finance company, Norinvest, are meeting today to decide whether they will put up the NKr 60m ($11.5m) needed to save the bankruptcy. The Norwegian company from immediate Government has already refused to provide any assistance.

If the rescue operation fails, and Norinvest does go bankrupt, the repercussions are expected to hit a number of the 16 Norwegian banks and 12 insurance companies which are Norinvest's shareholders — and in some cases creditors as well. A chain reaction of bankruptcies among some of Norinvest's backers could well ensue, according to observers here. Press comment has described the threatened bankruptcy as "the biggest financial scandal of our time."

Norinvest, which has made a large proportion of its losses on a shipping subsidiary, A/S King, has been in financial difficulties for over a year. Some of its shareholders, among them the Norden insurance company and the Trondheim bank, Forretningsbanken, saw the writing on the wall a year ago, and completely wrote off their Norinvest holdings in their 1977 accounts.

Other shareholders, who were not prepared to take the loss, put up funds to refinance the company last spring, when a restructuring was effected. The profitable parts of its portfolio were transferred to a company called Inter-Finans, while the remainder, mainly shipping commitments, was left in Norinvest. The plan was to wind up the latter over a period of seven to eight years.

The summer saw a rapid deterioration of Norinvest's situation. This was partly a result of the steep fall in ship values, and the ill-starred King shipping company continued to make very large losses, and is now reported to have debts totalling some NKr 75m.

It was decided that to reduce the risk of further losses, Norinvest should be wound up within a year to two years. To make this possible, large sums of fresh capital were needed. Shareholders who had already written off their stakes in Norinvest would not contribute.

Medium-term loan for Swaziland

Our Euromarkets Staff

TS first-ever medium term market loan, Swaziland is ng $25m to finance a railway a sugar terminal. Citicorp national Bank is currently e process of forming a management group for the loan. rms will include a 1¼ per margin over inter-bank rates seven-year final maturity.

Sevillana de Electricidad ising $50m for eight years years grace) via a group ed by Banco de Vizcaya. The in is 1 per cent.

o medium-term loans ing $40m for two Indonesian venture companies, P. T. otors Vespa Indonesia motors) and P. T. Icco trial Components Indonesia) have been arranged, r reports from Singapore. artered Merchant Bank, as manager, said the $25m for otors and $15m for ICCO both for 6½ years, but ed to give interest rates.

ns which have been ly signed include the standby credit for SNCF French railways) and the ese banks yen/dollar credit ungary. The latter financeicluded a Y20bn 10-15-year rate loa nand a $100m 10- floating rate loan.

Gotabanken well ahead at eight-month stage

BY JOHN WALKER

STOCKHOLM, Sept. 19.

THE RESULTS for the first eight months of 1978 for Götabanken show an increase over the same period of 1977. The operating profit for the January-August period this year amounted to SKr 96m ($22) an increase of SKr 17.4 or 22.2 per cent compared with 1977. For the whole of 1978, operating profit is expected to increase by at least 40 per cent over the SKr 111m for last year.

The Götabanken group, which includes factoring and leasing companies, reports an increase ing costs went up by SKr 23.2m or 36 per cent to SKr 119.7m ($27m). The group profit improvement for the whole of this year is forecast to be a little below the percentage level expected by the bank.

Net interest earnings rose in the first eight months by SKr 41.4m ($9.2m), while operating costs went up by SKr23.2m ($5.3m) or 10.4 per cent. In 1977 costs rose by 10.8 per cent.

La Radiotechnique gain

PARIS, Sept. 19.

LA RADIOTECHNIQUE, a French electronics subsidiary of the Philips group of the Netherlands, posted a net profit of Frs55.6m ($12.8m) for the first half of this year, an increase of 22 per cent on the like year-ago period.

Net operating profit was 40 per cent higher at FFr 39.7m, compared with FFr 28.3m up to the end of June last year.

Parent company turnover was 19.6 per cent higher at FFr 913.5m.

The company posted a first-half net consolidated profit of FFr 56.23m on a turnover of FFr 1.74bn, compared with netnet consolidated earnings of Frs46.3m for the whole of 1977.

La Radiotechnique commented that the first-half results of its components subsidiary, La Radiotechnique - Compelec (RTC), "weren't all that good." But said its second-half results will show some improvement.

AP-DJ

Wagons Lits sees increase

BRUSSELS, Sept. 19.

IMPROVED sales in the first half of this year mean that results for Cie Internationale des Wagons Lits et du Tourisme for 1978 should be better than in the previous year.

In 1977, the company paid a net BF35 a share dividend on net profit of BF84.7m.

Wagons Lits consolidated group turnover in the first half of 1978 rose by 6.9 per cent to BFr 3.2bn in the railways division. Rises of 20.8 per cent to BFr 466m in the hotels and of 10.4 per cent to BFr 2bn in the restaurants division are also reported.

Including VAT, turnover for tourism rose by 3.9 per cent to BFr 8.5bn.

Reuter

KWU Brazil project on target

BY JONATHAN CARR

BONN, Sept. 19.

KRAFTWERK Union (KWU), West Germany's leading power station building concern, has rejected reports that its big nuclear deal with Brazil is in difficulties. The company says that all work for which it is responsible is going ahead according to plan.

The reassurances were given in an interview with the weekly magazine Der Spiegel by Dr. Klaus Barthelt, chairman of KWU's executive board. They were juxtaposed with an article saying that building work at a Brazilian reactor site had run into technical problems, that the end-price would prove uneconomic, and that the Brazilians now appeared to have less enthusiasm for their atomic power projects than before.

Under a DM 12bn accord signed in 1975, West Germany agreed to deliver to Brazil nuclear power stations as well as enrichment and reprocessing equipment. The U.S. strongly opposed the deal, on the grounds that the Brazilians might use the technology to make nuclear weapons—a charge Brazil has repeatedly rejected.

Dr. Barthelt agreed that a reactor being built at Angra dos Reis, Brazil, under the 1975 accord, was being erected on concrete pillars because the ground was not wholly firm. But he noted first that the site had been chosen by the Brazilian electricity concern, Furnas, and second that because of the pillars, the new reactor would not have problems which another being constructed by the Americans nearby had experienced

Asked about reports that the end-price for the planned reactors could be some $3,000 per kilowatt of capacity, much higher than original estimates, Dr. Barthelt said that KWU had heard this figure mentioned neither in Brazil nor in West Germany. It therefore seemed impossible to believe, he said.

He had heard no suggestions that the Brazilians were pressing less urgently for the fulfilment of their atomic power plans, and he insisted that four reactors could be completed by the mid-1980s according to schedule.

New models from Fuji Photo

BY YOKO SHIBATA

TOKYO, Sept. 19.

FUJI Photo Film Company is to enter the automatic focussing camera market this November. The company has announced two new models of 35mm cameras with an automatic focussing system, called "Flash Fujica Af Date" and "Flash Fujica Af." Meanwhile Yashica will market its automatic focussing camera from the end of October.

The automatic focussing camera market has been solely dominated by Konishiroku Photo Industry since the company introduced the C-35 AF, the first of its kind in the world in November last year.

The new cameras introduced by both Fuji Photo Film and Yashica adopt the same device as that of Konishiroku's, incorporating a large size integration (lsi) module developed by Honeywell of the U.S. in the automatic focussing system. As a result of the entry of the other two makers into the market, heavy sales competition is expected

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REPORT TO INVESTORS
from a company called TRW

TRW Reports Higher Quarterly Results

FINANCIAL HIGHLIGHTS
(U.S. dollar amounts in millions except for per share data)

	1978	1977
SECOND QUARTER		
Sales	$ 956.4	$ 825.6
Pre-Tax Profit	90.3	83.4
Net Earnings	46.9	42.5
Earnings Per Share		
Fully Diluted	1.27	1.16
Primary	1.48	1.33
Dividends Paid Per Common Share	.45	.40
SIX MONTHS		
Sales	1,826.7	1,602.5
Pre-Tax Profit	159.9	145.5
Net Earnings	82.7	74.2
Earnings Per Share		
Fully Diluted	2.25	2.02
Primary	2.58	2.29
Dividends Paid Per Common Share	.85	.75
Outstanding Common Stock	28,255,000	27,854,000
Shares Used in Computing Per Share Amounts		
Fully Diluted	36,745,000	36,744,000
Primary	28,756,000	28,633,000

TRW Inc., a major international supplier of high-technology products and services to worldwide markets, reported record sales, earnings and earnings per share for both the second quarter and first half ended June 30.

Second quarter sales were $956.4 million versus $825.6 million for 1977's second quarter. Net earnings after taxes were $46.9 million compared to $42.5 million for the year-ago period. Fully diluted earnings per share were $1.27 compared with $1.16, and primary earnings per share were $1.48 versus $1.33 for 1977's second quarter.

Sales for the first half of 1978 reached $1,826.7 million, up 14% from the $1,602.5 million for 1977's first half. Net earnings reached $82.7 million, up 11.5% from the $74.2 million in the first half of 1977. Fully diluted earnings per share were $2.25 compared with $2.02 in the year-ago period, while primary earnings per share were $2.58 versus $2.29 in 1977's first half.

Two of TRW's three business segments, Electronics & Space Systems and Car & Truck, reported sales and operating profit gains over 1977's second quarter. The Industrial & Energy segment reported higher sales but moderately lower second quarter operating profits resulting from a U.S. plant closing.

TRW directors declared a quarterly dividend of $.45 per share on common shares, payable September 15, 1978. This will be the company's 160th consecutive dividend declared on TRW common shares.

For further information on TRW's 1978 second quarter results, please write for a copy of our quarterly report:
TRW Europe Inc.
25 St. James's Street
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TRW Repa is a leading supplier of front-seat occupant restraints to almost all European auto manufacturers. Here a new seat belt component undergoes sled tests.

A COMPANY CALLED
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INTERNATIONAL FINANCIAL AND COMPANY NEWS

BANKING DISCLOSURE IN AUSTRALIA

Commonwealth results give a lead

BY JAMES FORTH

SYDNEY, Sept. 19.

THE GOVERNMENT-OWNED Commonwealth Banking Corporation has given an indication of the large additional profits and reserves likely to be revealed by Australian banks under new disclosure rules announced at the weekend.

The banks have traditionally been able to mask their profits because they did not need to disclose their provision for bad and doubtful debts and contingencies which they could put to inner reserves that were not identifiable in the accounts.

At the weekend the Federal Treasurer, Mr. John Howard announced that the banks in the future would provide most of the disclosure already applied to companies under the Companies Act. The inner reserves would become part of the assets and shareholders funds while the banks would have to itemise their Australian and overseas taxes paid.

The banks however are still not required to show their bad and doubtful debts. The disclosure principles essentially follow those adopted by the major UK banks in 1969. The annual report of the Commonwealth Banking Corporation, which encompasses the Commonwealth Trading Bank, the Commonwealth Savings bank, the Commonwealth Development Bank and the Finance offshoot, CBFC, gives an indication of the additional amounts which will be disclosed when the private trading banks follow suit. The 1977 group profit has been restated from the A$46.63m reported last year to A$78.7m (U.S.$90.5m), an increase of A$32m.

The bank's capital remained steady at A$76.5m, but the 1977 shareholders' funds were restated from A$238.29m to A$451.68m, with the reserve funds rising A$213m from A$161.7m to A$375.1m. This came from the previous item in the liabilities of "deposits, bill payable and other liabilities."

On the new basis the group earnings rose almost 35 per cent from A$78.7m to A$106.15m (U.S.$122m). The directors said that the increase resulted in part from a drop in the funds "frozen" in the banks' statutory reserve deposits, which freed funds for placement in higher yielding investments. This applied particularly to the trading bank which also benefited from a higher level of lending, tighter management of liquid assets and Government securities and an increase in deposits which offset the rate of increases in operating costs.

Net profit of the trading bank before extraordinary items rose from A$16.9m to A$21.9m. Of this A$6.4m was transferred to the contingency reserves, A$5.2m was added to the reserve funds and A$8.2m was paid to the Federal Government.

The savings bank lifted its profit from A$50.4m to A$68.3m. The directors said that savings banks during the year were allowed a reduction in the amount of their total assets, which must be held in liquid items or public securities, freeing funds for placement in home lending.

Operating profits of the development bank rose from A$9.28m to A$10.2m, while dividends from the CBFC, which lifted profits from $A1.5m to A$4.9m, totalled $A937,500. The directors said that the trading banks lifted new loan approvals 39.7 per cent to $A1.6bn.

The private trading banks are not scheduled to report on the new basis until the first half of 1978-79. The commercial Bank of Australia and the Commercial Banking of Sydney, which balance on June 30, will therefore report on the December half, usually in February, while the ANZ banking group, the Bank of New South Wales, the National Bank and the Bank of Adelaide, all balance on September 30, and will not be required to give the new disclosure until their results for the April, 1979 half are reported.

By comparison with the Commonwealth Bank, the Bank of NSW—the largest of the private trading banks—last year reported profits on the old basis of A$71m.

Advance at Malayan Banking

By Wong Sulong

KUALA LUMPUR, Sept. 19.

MALAYAN BANKING Berhad, the largest local, Malaysian Bank, has announced a sharp rise in its net profits for the year to June, of 52 per cent to 25.74m ringgits (U.S.$7.7m).

Net profits made by the bank itself rose by 46 per cent from 15.1m ringgits to 22.1m ringgits.

Bank deposits increased from 2,602m ringgits to 3,689m ringgits, while loans and advances expanded less rapidly, from 1.14bn ringgits to 1.47bn ringgits.

The ratio of loans and advances to deposits, as a result, fell from 43.8 per cent to 39.8 per cent.

The directors have declared a final dividend of 11.5 per cent making the year's total of 17.5 per cent.

Sentrachem studies $70m rubber substitutes plant

BY RICHARD ROLFE

JOHANNESBURG, Sept. 19.

THE CHEMICAL group, Sentrachem, which ranks second to ICI's associate, AECI in South Africa, and in which BP holds an important minority interest, is close to a decision on a large scale solution rubber plant involving an investment of R60m (some US$70m). In the annual report, the project is described as "approaching the sanction stage" and the greater portion of the finance required has already been negotiated, or provided for in the group accounts, which show bank balances and cash of R24m, though there are also short-term loans of R30m.

The rubber plant, to be sited near Sasolburg, which houses the republic's existing oil-from-coal facility and the Coalplex project, which produces pvc and caustic soda, will produce rubber substitutes of the styrene-butadiene variety, as well as poly-butadiene. Imports of these and of natural rubber are currently running at R50m and the new facility would ultimately replace about 70 per cent of present imports.

The R220m Coalplex project, officially opened last month, is headed by AECI, with a 60 per cent interest, but Sentrachem holds the balance of 40 per cent. As a large capital project coming on stream in relatively depressed markets, Coalplex was expected to make substantial losses during its phasing-in period and Sentrachem has provided R3.9m against losses between April, when Coalplex was commissioned, and its June 30 year-end.

Colplex was commissioned within its budget and has enjoyed a reasonably trouble-free start-up. While the domestic pvc market is below expectations substantial export business has been developed and indications are that the domestic market where prices are higher, is at present recovering, led by the motor trade.

Despite the Coalplex losses Sentrachem's basic business in agricultural chemicals, foodstuffs, plastics and rubbers and industrial chemicals went ahead last year, with turnover up from R155m to R186m ($214m), and pre-tax profit up from R30m to R34m ($39m). The dividend was raised from 18c to 20c and the shares, at 375c, yield 5.3 per cent. The annual report, however indicates that further share issues are not envisaged "in the foreseeable future," and that dividend growth will continue in the current year even if Coalplex losses cause a temporary profit setback.

Continental Insurance Tokyo branch

NEW YORK, Sept. 19.

CONTINENTAL Insurance Companies of the U.S., has opened a branch office in Tokyo, Mr. H. Donald Lindell, senior vice president, has announced.

The new branch "is a natural outgrowth of Continental's expanding international operations, which in 1978 will total some $200m in premium volume," Mr. Lindell said.

AP-DJ

McIlwraith attacks bid by IEL

BY OUR OWN CORRESPONDENT

SYDNEY, Sept. 19.

THE DIRECTORS of McIlwraith Mceacharn, the shipping group fighting to stave off a takeover bid from Industrial Equity (IEL) have proposed a one-for-two scrip issue. At the same time, the board has issued a statement to shareholders criticising IEL's stated intentions if it gains control of McIlwraith, and again recommending that the bid be rejected.

IEL already holds about 18 per cent. of McIlwraith's capital. It initially offered A$2.50 a share cash for 50 per cent of each remaining shareholding, but has since upped the price to A$3.00 cash. Last week the IEL chairman, Mr. Ronald Brierley released an evaluation of McIlwraith which suggested the company's shares were worth A$4.85 a share.

The major asset is McIlwraith's 37.5 per cent holding in Bulkships, which was valued in McIlwraith's 1977 books at A$15.5m (U.S.$18m) and which IEL values at A$37.5m (U.S.$43.6m).

The remaining 62.5 per cent of Bulkships is owned by the transport group, Thomas Nationwide Transport.

IEL proposed that if it gained control of McIlwraith, the interest in Bulkships would be sold. A scrip issue on the basis of two shares for every one held would be made, followed by a capital return of A$1 a share, or A$11.7m, with the possibility of a second repayment of the same amount. The directors of McIlwraith claim the IEL estimate of the company's net worth was unrealistically high, and disputed whether IEL could realise the amount suggested if it tried to sell the Bulkships holding.

The McIlwraith directors came up with their own valuation of the company as at June 30 of A$42.38m, or $A3.62 a share, of which Bulkships accounted for A$24.99m. The directors forecast that McIlwraith would earn higher profits for the current year, and that they expected the current dividend rate of 7.5 cents a share would be maintained.

They also pointed out that any holder who accepted the IEL offer would not be entitled to any dividend or scrip issue made after the date of their acceptance.

The McIlwraith directors have raised doubts whether IEL could sell the Bulkships holding as planned.

"For many years the articles of association of Bulkships have restricted the right of shareholders (currently McIlwraith and TNT) from selling their shares. A sale of its shares by McIlwraith to any buyer other than TNT could be vetoed by the board of Bulkships, which is not required to offer any reason," they said.

The directors also stated that if control of a shareholder of Bulkships changed hands in a takeover, the other holder had the right to acquire its equity in Bulkships. "The fair value at which McIlwraith's shares could be compulsorily acquired in such an event may be much less than the continuing value of the shares to McIlwraith as an income earner," they added.

Profits fall at United Plantations

By Our Own Correspondent

KUALA LUMPUR, Sept. 19.

THE DANISH-OWNED United Plantations suffered a severe setback in the first half of its financial year. Pre-tax profits fell by 54 per cent, from 15m ringgits to 6.9m ringgits (U.S.$3m).

Turnover declined by 37 per cent, from 36m ringgits to 22.7m ringgits ($9.9m).

United Plantations suffered a far more severe setback than most of the larger plantation groups, partly because, unlike other groups which have a good balance between oil palm and rubber, the company is largely dependent on oil palm, and to a much smaller extent, cocoa.

Output of oil palm and cocoa have been badly affected by the droughts of the past two years, and aggravating the matter, the prices of the two commodities have also slipped.

However, the company expects better results during the second-half, and its production figures for July and August have shown a marked improvement over output in the first-half.

Singapore land sale

By Our Own Correspondent

KUALA LUMPUR, Sept. 19.

TRACTORS MALAYSIA Berhad, a subsidiary of Sime Darby Holdings, is selling a piece of land in Singapore to Tan Chong Motors (Singapore), a subsidiary of the Malaysian Motor Assembly Company, for a cash consideration of S$7.65m (US$3.4m).

The property, along Bukit Timah Road, is zoned as a light industrial area, covering some 24,700 square metres.

Tractors Berhad said that another smaller piece, covering 8,000 square metres, is zoned as residential land, and that this has been sold to an unnamed Singapore resident for S$350,000.

Tractors Berhad said that the proceeds from the sales would be used to supplement the company's working capital.

Shell Refining setback

BY OUR OWN CORRESPONDENT KUALA LUMPUR, Sept. 19.

DESPITE a 16.5 per cent increase in Shell Refining Berhad's refining volume during the first half of this year, the company's net profits fell by 17 per cent to 3.2m ringgits (U.S.$1.4m).

Shell Refining said that profit margins were affected by two factors. First, it had to sell fuel oil to the National Electricity Board under a fixed price contract which was less than cost price, and it had in addition to increase the sale volume by 18 per cent.

Secondly, the company required higher levels of platformate, used to make premium grade motor gasoline, and this had to be imported at higher cost.

The fixed priced contract with the Electricity Board expired in August, and a new contract on more commercial terms has been negotiated, the results of which would be reflected in the second-half.

An interim dividend of 5 per cent (the same as previously) is declared. Net earnings per share fell from 6.4 cents to 5.4 cents.

Shell's Malaysian competitor, Esso Malaysia Berhad, last week reported net profits rising from 2.1m ringgits to 7.3m ringgits during the first half.

Esso said that its profits came from higher production and sales, as well as a substantial gain from currency conversions.

* * *

GENERALE IMPIANTI, one of the biggest industrial groups in Italy, has entered into an agreement with a Malaysian company to build an integrated glass factory in Malaysia.

Generale Impianti will hold 30 per cent. in the joint venture, while the Malaysian partner, Bintang Silica Berhad, will hold 70 per cent.

The 3m ringgit (US$870,000) factory, to produce sheet glass, bottles, and decorative glass products, is planned to be operating by the middle of next year. It will obtain its raw materials from the company's 100 acre silica sand site in Kota Tinggi in Johore State.

Generale Impianti said that on of its subsidiaries, Perugina, is also looking for a Malaysian partner to start a 3m ringgit chocolate factory in Malaysia.

Fall in home construction hits Rassco

By Our Own Correspondent

TEL AVIV, Sept. 19.

THE CUTBACK in home co[nstruction] activity is reflected [in] preliminary figures for 1977/[78] released by Rassco, one [of] Israel's oldest construction companies, which builds both [in] agricultural villages and hous[ing] in towns. Pending publicati[on] of final accounts, the compa[ny] has informed the Tel Aviv St[ock] Exchange that its profit and l[oss] account for 1977/78 will show [a] loss of I£25m, even after spe[cial] gains have been deducted f[rom] the total operating loss.

However the company [is] hoping for better results [this] year in view of signs of recove[ry] in the building field and the r[ise] in the cost of flats and house[s].

Meanwhile, Elite, Israel's [major] manufacturer of instant coff[ee] which also supplies the ma[jor] share of the confection[ery] market, reports that sales [for] 1977/78 rose by 48 per cent [to] reach I£675.1m ($39m).

Operating profit increased only 5.5 per cent to I£45...

Associated Japanese Bank (International) Limited

Extract from Audited Accounts

	28th Feb. 1978 £000	28th Feb. 1977 £000
Share Capital	7,000	7,000
Retained Profit	4,279	3,195
Subordinated Loans (£ equivalent)	12,877	14,588
Deposits	407,506	399,086
Loans	238,780	237,213
Total Assets	439,423	431,435
Profit before Taxation	3,172	3,074
Profit after Taxation	1,434	1,392

Associated Japanese Bank (International) Limited

29-30 Cornhill, London EC3V 3QA
Telephone: 01-623 5661 Telex: 883661

Jointly owned by
The Sanwa Bank Ltd The Mitsui Bank Ltd
The Dai-Ichi Kangyo Bank Ltd The Nomura Securities Co Ltd

(Shareholders' aggregate assets well exceeding U.S. $130,000 million)

SOCIÉTÉ FINANCIÈRE EUROPÉENNE

is pleased to announce the appointment of

PETER S. SLOCUM

as

Managing Director
of S.F.E. Banking Corporation Limited

and

Deputy Chairman of the Board
of S.F.E. Bank and Trust (Bahamas) Limited

50, Shirley Street,
P.O. Box N-100,
Nassau,
Bahamas.

SELECTED EURODOLLAR BOND PRICES

MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 9½pc 1989	98	98½
AMEV 9pc 1987	95	95½
Australia 8½pc 1992	94½	95
Australian M. & S. 9½pc '92	99	[illegible]
Barclays Bank 8½pc 1992	95½	96½
Bowater 9½pc 1992	98½	99
Can. N. Railway 9½pc 1986	96½	94½
Credit National 9½pc 1986	97½	98½
Denmark 8½pc 1984	97½	98½
ECS 9pc 1993	99½	100½
ECS 8½pc 1997	96	96½
EIB 8½pc 1992	96½	97½
EMI 9½pc 1989	95½	96½
Ericsson 8½pc 1989	97	97½
Esso 8pc 1986 Nov.	99	99½
Gt. Lakes Paper 8½pc 1984	99	99½
Hamersley 9½pc 1992	101	101½
Hydro Quebec 9pc 1992	97½	98
ICI 8½pc 1987	95½	96
ISE Canada 9½pc 1986	103½	103½
Macmillan Bloedel 9pc 1992	98	98½
Massey Ferguson 9½pc 1991	97½	98½
Michelin 9½pc 1988	100	100½
Midland Int. Fin. 8½pc '92	97½	98½
National Coal Bd. 8pc 1987	[illegible]	94½
National Wstmnstr. 9pc '86	99½	100½
Natl. Wstmnstr. 9pc '86 'B'	101½	102½
Newfoundland 9pc 1989	99½	100
Nordic Inv. Bank 8½pc 1988	97½	98½
Norges Kom. Bk. 8½pc 1992	95½	96½
Norpipe 8½pc 1989	96½	97
Norsk Hydro 8½pc 1992	95	95½
Oslo 9pc 1988	99½	100½
Ports Autonomes 9pc 1991	99	99½
Prov. Quebec 9pc 1995	[illegible]	98
Prov. Saskatchwn. 8½pc '86	98	98½
Reed International 9pc 1987	94	96
RHM 9pc 1992	95	95½
Selection Trust 8½pc 1989	92	93
Shell Intl. Fin. 8½pc 1990	95½	96½
Skand. Enskilda 9pc 1991	99	99½
SKF 8pc 1987	91½	92½
Sweden (K'dom) 8½pc 1987	94½	96½
United Biscuits 9pc 1989	95	95½
Volvo 8pc 1987 March	93½	94½

NOTES	Bid	Offer
Australia 7½pc 1984	93	93½
Bell Canada 7½pc 1987	94	94½
Br. Columbia Hyd. 7½pc '85	93½	94½
Can. Pac. 8½pc 1984	95	95½
Dow Chemical 8pc 1986	95	95½
ECS 7½pc 1982	95½	96
ECS 8½pc 1989	94½	95
EEC 7½pc 1982	95½	96
EEC 7½pc 1984	94½	95½
Enso Gutzeit 8½pc 1984	95½	96½
Gotaverken 7½pc 1982	95½	96
Kockums 8pc 1983	96½	97½
Michelin 8½pc 1983	98½	99
Montreal Urban 8½pc 1981	99	99½
New Brunswick 8pc 1984	96½	97
New Bruns. Prov. 8½pc '83	98½	99½
New Zealand 8½pc 1988	98	98½
Nordic Inv. Bk. 7½pc 1984	94	94½
Norsk Hydro 7½pc 1982	95½	96½
Norway 7½pc 1982	94	94½
Ontario Hydro 8pc 1987	94½	95
Singer 8½pc 1982	98½	99½
S. of Scot. Elec. 8½pc 1981	98½	99½
Sweden (K'dom) 7½pc 1982	95½	96
Swedish State Co. 7½pc '82	95½	96½
Telmex 9½pc 1984	96½	[illegible]
Tenneco 7½pc 1987 May	91½	92½
Volkswagen 7½pc 1987	94	94½

STERLING BONDS	Bid	Offer
Allied Breweries 10½pc '90	90½	91½
Citicorp 10pc 1990	92½	93½
Courtaulds 9½pc 1989	89½	90½
ECS 9½pc 1989	93	[illegible]
EIB 9½pc 1988	97½	98½
EIB 9½pc 1992	93½	94½
Finance for Ind. 9½pc 1987	91½	92½
Finance for Ind. 10pc 1989	94½	95½
Fisons 10½pc 1987	97½	98½
Gestetner 11pc 1988	93½	94½
INA 10pc 1988	91½	92½
Rowntree 10½pc 1988	92½	93½
Sears 10½pc 1988	92½	93½
Total Oil 9½pc 1984	90½	91½

DM BONDS	Bid	Offer
Asian Dev. Bank 6½pc 1988	93½	94½
BNDE 6½pc 1986	97½	98½
Canada 4½pc 1983	98½	99½
Den Norske Ind. Bk. 6pc '90	[illegible]	100½
Deutsche Bank 4½pc 1983	98½	99½
ECS 5½pc 1990	93½	94½
EIB 6½pc 1990	93½	94½
Elf Aquitaine 5½pc 1988	98	99
Euratom 5½pc 1987	97½	98½
Finland 5½pc 1986	97½	98½
Forsmarks 5½pc 1990	97	95
Mexico 6pc 1985	97	95
Norcem 5½pc 1989	98	99
Norway 4½pc 1983	98½	99½
Norway 4½pc 1983	97	95
PK Banken 5½pc 1988	96½	97½
Prov. Quebec 6pc 1990	97½	98½
Rautaruukki 5½pc 1988	95	96
Spain 6pc 1988	96½	97½
Trondheim 5½pc 1988	96	97
TVC Power Co. 6pc 1988	97	98
Venezuela 6pc 1988	96½	97½
World Bank 5½pc 1990	97	98

FLOATING RATE NOTES	Bid	Offer
Bank of Tokyo 1984 8½pc	99	99½
BFCE 1984 9⁷⁄₁₆pc	99½	99½
BNP 1983 9⁵⁄₁₆pc	[illegible]	100½
BQE Worms 1985 9pc	98	98½
CCF 1985 8½pc	98½	99
Chase Manhttn. '93 9⁵⁄₁₆pc	98	98½
Creditanstalt 1984 8½pc	99	99½
DG Bank 1982 9pc	99½	100½
GZB 1981 9½pc	99½	100½
Intl. Westminster 1984 9pc	99½	[illegible]
Lloyds 1983 8¹⁵⁄₁₆pc	99½	100½
LTCB 1983 9¹⁄₁₆pc	99½	99½
Midland Int. FS '87 8⁹⁄₁₆pc	98½	99½
Midland Int. FS '93 9⁷⁄₁₆pc	98½	99
Nat. Westminstr. '90 9⁵⁄₁₆pc	[illegible]	99½
OKB 1983 9½pc	99½	100
SNCF 1985 9⁵⁄₁₆pc	98½	99½
Std. and Chtrd. '84 9⁵⁄₁₆pc	99½	99½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4½pc '87	82	83½
Babcock & Wilcox 7pc '92	128	129
Beatrice Foods 4½pc 1992	101	102½
Beatrice Foods 4½pc 1992	118	119½
Beecham 6½pc 1992	118	119
Boots 6½pc 1993	102½	103½
Borden 5pc 1992	97½	[illegible]
Broadway Hale 4½pc 1987	74½	76
Carnation 4pc 1987	77½	79
Chevron 5pc 1988	151½	153
Dart 4½pc 1987	84	85½
Eastman Kodak 4½pc 1988	89	89½
Economic Labs. 4½pc 1987	80	81½
Firestone 5pc 1988	76½	78
Ford 5pc 1988	84	85½
General Electric 4½pc 1987	86½	[illegible]
Gillette 4½pc 1987	76½	78
Gulf and Western 5pc 1988	88	89½
Harris 5pc 1992	230	232
Honeywell 6pc 1986	85½	87
ICI 6½pc 1992	97½	98½
INA 6pc 1997	99	100
Inchcape 6½pc 1992	113	114½
ITT 4½pc 1987	78½	80
Jusco 6pc 1992	141	142
Komatsu 7½pc 1990	141	142
J. Ray McDermott 4½pc '87	150½	153
Matsushita 6½pc 1990	191	192
Mitsui 7½pc 1990	132	133
J. P. Morgan 4½pc 1987	99½	101
Nabisco 5½pc 1988	103½	105
Owens Illinois 4½pc 1987	118	119½
J. C. Penney 4½pc 1987	76½	78
Revlon 4½pc 1987	132	127½
Reynolds Metals 5pc 1988	87½	89
Sandvik 6½pc 1988	110	112
Sperry Rand 4½pc 1987	97½	99
Squibb 4½pc 1987	82	83½
Texaco 4½pc 1988	77	[illegible]
Texas Int. Air. 7½pc 1993	100½	101½
Toshiba 6½pc 1992	135	136
Ty Co. 5pc 1984	75½	77
Ty Co. 8½pc 1988	105	106
Union Carbide 4½pc 1982	88½	90
Warner Lambert 4½pc 1987	82	83½
Warner Lambert 4½pc 1988	76½	78
Xerox 5pc 1988	76½	78

Source: Kidder, Peabody Securities.

Hoechst Aktiengesellschaft

Report on the 1st half-year 1978

During the first half of the year no upturn in the economy has been noted in Western Europe. Worldwide, too, the economic situation has yet to become stabilized, in spite of an increase in economic activity in the USA. Group sales during the second quarter 1978 rose in comparison with the first quarter and are also above the figure for the second quarter 1977.

In the Federal Republic of Germany the economic trend during the first half-year was still not satisfactory. However, it was possible to register a slight increase in our sales during the second quarter. In May and June capacity utilization at our production plants improved in comparison with the previous months. Capacity utilization during the second quarter averaged 81%. Inventories rose only slightly during this period.

The completion of accounts for a number of major orders in the plant engineering division made an appreciable contribution to the increase in sales abroad. Economic weakness in a number of Western European countries as well as the sharp rise in the value of the DM still represent considerable burdens on export sales. In many divisions export revenues remained unsatisfactory.

Business developed favourably in the reprography, pharmaceuticals and welding and industrial gases divisions as well as in the paints division. It was possible to reduce appreciably the losses in the fibres division. The situation in large-tonnage plastics is difficult.

In spite of additional burdens on the revenue and cost side, profit before taxes improved in comparison with the first quarter. We expect this trend to continue during the second half-year.

I. Hoechst Group

Sales (DM million)	1st half-year 1978	1st half-year 1977	Half-year average 1977	Changes in % compared with 1st half-year 1977	Changes in % compared with half-year average
Total	12,125	11,730	11,649	+3.4	+4.1
Germany	3,925	3,860	3,860	+1.7	+1.7
Abroad	8,200	7,870	7,789	+4.2	+5.3
Profit before taxes					
DM million	550	630	543	−12.7	+1.3
as % of sales	4.5%	5.4%	4.7%		

II. Hoechst AG

Sales (DM million)	1st half-year 1978	1st half-year 1977	Half-year average 1977	Changes in % compared with 1st half-year 1977	Changes in % compared with half-year average
Total	4,659	4,831	4,728	−3.5	−1.5
Germany	2,266	2,302	2,322	−1.5	−2.4
Abroad	2,393	2,529	2,406	−5.4	−0.6
Export percentage	51.4%	52.3%	50.9%		
Profit before taxes					
DM million	332	402	346	−17.4	−4.0
as % of sales	7.1%	8.3%	7.3%		

Employees	1st half-year 1978	1st half-year 1977	Changes absolute	Changes in %
Personnel expenses in DM million (excluding pension fund)	1,400	1,350	+50	+3.7
Number of employees as at 30.6.	61,924	63,889	−1,965	−3.1

Frankfurt (Main) The Board of Management

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for or to purchase any shares.

WACE GROUP LIMITED

(Incorporated under the Companies Act 1948)

Authorised	Share Capital	Issued and Fully Paid
£400,000	In Ordinary shares of 20p each	£295,238

Application has been made for the whole of the issued share capital to be readmitted to the Official List by the Council of The Stock Exchange, following the acquisition of the issued share capital of Gee and Watson Limited.

Particulars of the Company have been circulated by Extel Statistical Services Limited and copies of the particulars may be obtained during usual business hours on any weekday (Saturdays excepted) up to and including 6th October, 1978 from:—

COUNTY BANK LIMITED,
11, Old Broad Street,
London EC2N 1BB

CHARLES STANLEY & CO.,
18, Finsbury Circus,
London EC2M 7BL.

[...]ay Hawtin describes a rising force in West German politics

New big fish in the CDU's pond

[O]NCE UPON a time, runs one [of] the latest German jokes, a [S]chwabian went out fishing in [a] lake. After a day singularly [u]nmarked by success, he felt a [po]werful tug on his line and on [re]eling it in discovered that he [ha]d caught the most magnificent [go]lden carp.

He was about to gaff the [cr]eature when the carp said to [hi]m: "Schwabian, Schwabian, I [a]m the magic golden carp. [Sp]are my life and I will grant [yo]u two wishes." The Schwabian [—]a careful man, who like all [Sc]hwabians had as his motto: [wo]rk, save, build a house, sell [yo]ur dog and bark yourself—[de]cided to accept the offer.

"First," he told the carp, "I [wo]uld like to be a man of great [pe]rsonal wealth. Second, I [wa]nt to be a person of great [hi]storical significance." The [ca]rp wiggled his fins. There [wa]s a flash of lightning and [Sc]hwabian found himself lying [in] a great canopied bed. On [th]e ceiling of the huge, roccoco [be]droom voluptuous nymphs [fe]d grapes to cherubs while [ne]xt to him lay a beautiful [go]lden-haired woman, gently [sh]aking his arm and saying: "[U]p, up, Franz-Ferdinand. We [ar]e leaving for Sarajevo."

The significance of this story [is] that it was told to me in [res]ponse to a request for an [opi]nion about Dr. Alfred Dreg[ge]r, a deputy chairman of the [We]st German Christian Demo[cra]tic Party and, possibly, the [ne]xt Minister-President of the [sta]te of Hessen. "Dregger," I [wa]s told, "is a golden carp."

Alfred Dregger is little known [out]side Germany. Indeed, until [he] entered the Bundestag some [...] years ago, he was not particu[lar]ly well known outside Hessen. [Ho]wever, if he manages to cap[tur]e "red Hessen" for the CDU [in] next month's state elections [—i]t has been a bastion [of] the Social Democrats [for] 33 years—Dr. Dregger [wil]l have established himself as [one] of the CDU's most success[ful] vote-catchers and could have [a f]air claim to lead his party in [the] next federal elections.

New votes

[U]nder his leadership, the [CD]U's proportion of the vote [cas]t in Hessen has increased [fro]m 1966's 26.4 per cent to [197]4's 47.3 per cent. In achiev[ing] this increase, it has picked [up] many of its new voters from [the] ranks of the Social Demo[crat]s, who have seen their pro[por]tion of the vote decline [fro]m 51 per cent in 1966 to [...] per cent in 1974.

[N]ow, for the first time since [the] war, the Social Democrats [(SP]D), who since 1970 have [rule]d in coalition with the [FDP], the liberal party, face the [pros]pect of going into opposi[tion]. In the municipal elections, the Christian Democrats have captured most of Hessen's major towns, with the notable exception of Kassel. And, it is claimed, the SPD's impressive political machine in the state has been demoralised by a series of scandals exposed during the past three years.

Good looks

Much of the credit for the CDU's advance in this traditionally Socialist state must go to Herr Dregger. Aged 57, he combines striking good looks with an ability to enunciate unashamedly right-wing policies in a highly-entertaining manner. He might not be quite as much the master of the public platform as Herr Franz-Josef Strauss, the leader of the Bavarian sister party, the CSU. But he is not far below Herr Strauss's standard. And it is clear in this election that he is pressing all the right buttons as far as the electorate is concerned.

Dr. Dregger's campaign slogan is: "a change works wonders." He tells his audiences at his well-attended public meetings that the CDU under Dr. Adenauer was the architect of West Germany's "economic miracle," and then freely admits that CDU government lost its direction. "I admit that we were not so good a few years ago," he says. "I cannot say how good we are going to be some years in the future. But, right now, we are terrific."

There is mud-slinging in abundance, though it would be fair to argue that there is plenty of mud to sling. Dr. Dregger promises the electorate a government of talent in which appointment to local government posts will be dependent on ability rather than a party card. The SPD in Hessen worked on quite the other principle, he claims, accusing the SPD of packing local government organisations with its own supporters, from the town clerk to the charlady.

Dr. Alfred Dregger

Somewhat paradoxically, perhaps, he combines this with an attack on "Left-wing activists" in public service. A committed supporter of the "berufsverbot" policy under which many Left-wingers have been barred from jobs in public service, he explains his position by saying that only a person who is both anti-fascist and anti-Communist can be a true supporter of democracy.

"Remember," he tells his audiences, "it was both the Nazis and the Communists who brought down the Weimar Republic." He then goes on to argue, on somewhat less firm ground, that it was both Hitler and Stalin, who through their non-aggression pact and their partition of Poland prompted the start of the Second World War.

Education

However, it is on the question of education that Dr. Dregger gets the best response—even from the party faithful. Few deny that the Hessen state's school system is appalling. There are insufficient teachers and classes are frequently overcrowded. The system of providing supplementary teachers when the regular teacher is sick is in chaos and in many areas parents never know whether their child will be sent home immediately after arrival at school.

Furthermore, there is heavy opposition—from both middle and working classes—to the Social Democrats' decision to replace Germany's gymnasium school system with comprehensive education. Many parents argue that the replacement of the gymnasium, a sort of sixth form college, by the comprehensive school has been at the expense of brighter pupils who expect to go on to university.

"It is for the parents to decide what sort of education they want for their children—not a faceless bureaucrat," says Dr. Dregger. "If parents want comprehensive education, I would not prevent it. But it should not be imposed upon them against their will."

He proposes to solve the teacher shortage by the immediate recruitment of 1,500 teachers. This is certainly feasible, as many teachers are currently unemployed. However, a number of the teachers unable to find work are jobless as a result of the effect of the "berufsverbot" policy that Dr. Dregger advocates, although he gets a warm response from his audiences with his assertion that children are not sent to school to be politically indoctrinated with their teachers' views.

Many voters in Hessen who would normally vote SPD are clearly disillusioned with the current government. However, when it comes to the crunch, if they vote for Dr. Dregger they will be voting more against the current SPD machine than casting their ballots for the CDU. Since Dr. Dregger has become a public figure in the state, his politics have been consistently well to the right of the Christian Democratic centre and his calls for increased "law and order" have caused some unease.

Certain chill

Although he may not have misjudged the mood of his public meeting, he caused a certain chill among the correspondents covering it when he referred to the shooting of a leading Red Army faction terrorist by Duesseldorf detectives. "What do you think of the Stoll affair? Terrific, eh?" he said. This is not to say that the terrorist did not deserve his fate, but Dr. Dregger's relish was, for some, a little jarring.

The prize in the election is that victory for the CDU would give it a two-thirds majority in the federal upper House, thus enabling it theoretically to block the federal government's ability to pass legislation. It could do much to advance the CDU's hopes for an earlier election than it could otherwise expect. But with Dr. Dregger running such a highly personal campaign, success would appear to hang not just on his ability graphically to document the Social Democrats' governmental ineptitudes, but also on his ability to lay the legend of the golden carp.

New Issue
September 20, 1978

This advertisement appears as a matter of record only

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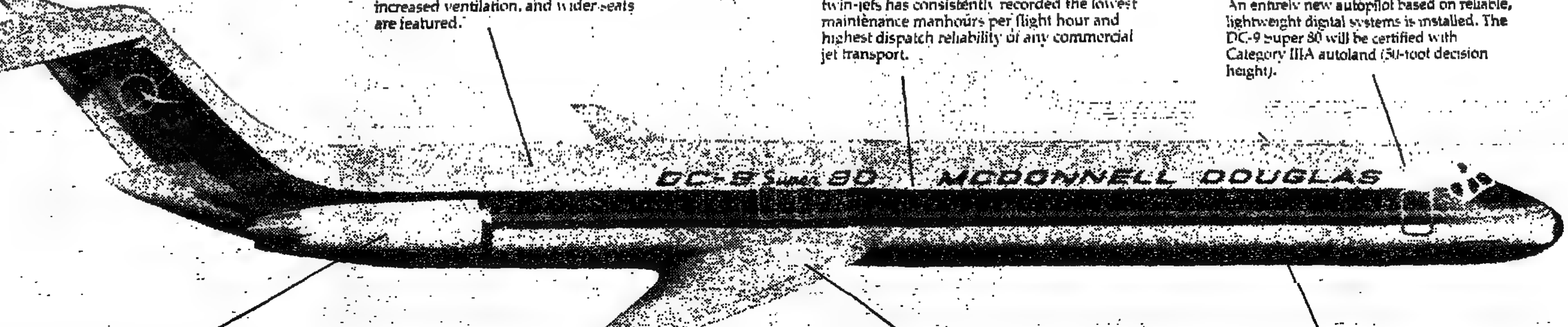

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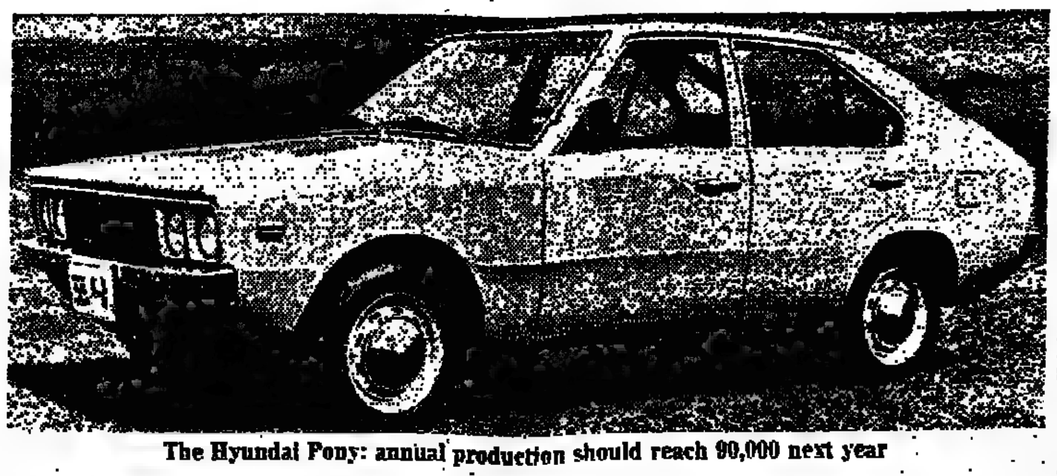
McDONNELL DOUGLAS

Charles Smith, in Tokyo, examines some of the prospects and problems of South Korea's leading motor manufacturer.

Hyundai's Pony on a slow trot towards Europe



The Hyundai Pony: annual production should reach 90,000 next year

LIVING NEXT DOOR to Japan has its advantages, but it can also mean that outsiders jump to rather hasty conclusions about what South Korea may be capable of achieving. This could apply to, among others, the Hyundai Motor Company, the leader of the South Korean motor industry and manufacturer of the Pony 1,200 cc family car.

When Hyundai announced in 1974 that it was building a plant to produce the first all-Korean passenger car, and actually exhibited a mock-up model at the Turin motor show, coverage in the European Press tended to give the impression that the Pony was poised to take over a dangerously large slice of the European car market following the example set by Japanese exporters. Four years later, Hyundai has at last decided to start pilot marketing in Holland and Belgium early next year, apparently with a view to a possible launch in the UK and other main EEC markets after another 18 months to two years.

Hyundai has not been idle in the four years since the Pony made its debut at Turin. It exported 1,000 cars in 1976, the year after the first Pony came off the production line at Hyundai's plant near the southern tip of the Korean peninsula. In 1977 exports reached 7,000 cars and so far this year the company has shipped 10,000 Ponies to 36 overseas markets. It has sold to virtually every developing country which drives on the right-hand side of the road, does not have a motor industry of its own, and the purchasing power of which is large enough to be worth bothering about.

None of this means that Hyundai is "challenging" Japan or any other top motor manufacturing country in the sense of threatening to make serious inroads into the markets of established car producers. "We are too small and too primitive, to be much of a threat to anyone at present," says Mr. Chung Se-Yung, President of Hyundai Motor and a member of the not-noticeably modest Chung family which presides over the largest heavy industry combine in South Korea. "All we can say at this stage is that we are practising how to export." The question is, of course, how long the practising will continue and what will happen when Hyundai decides the time has come for the Pony's advance into world car markets to move from a trot to a gallop.

It is easy to understand what Mr. Chung means by "too small and too primitive." The Pony plant at Ulsan, although in one sense possibly among the most modern in the world (the greater part of the site was rice paddy until 1973) is simply not big enough to benefit from the range of automated labour-saving refinements which have been introduced in Japan. The starting capacity at Ulsan was 30,000 cars per year, mostly Ponies but including a few thousand Ford Cortinas assembled from knocked-down component (CKD) kits shipped from Britain. Actual output, however, was probably around 50 per cent of capacity during the first 18 months or so after the plant opened.

In mid-1977, when Korean domestic demand for passenger cars was showing signs of building up to what has since become boom levels, Hyundai had the boldness and foresight to commit itself to a capacity-doubling plan which will enable it to turn out 100,000 cars a year from next January. At this level, the Ulsan plant will be producing something like one-twentieth of the cars produced by Toyota and the Pony's annual production run of, say, 80,000 to 90,000 vehicles will compare with the Toyota Corolla's production run of nearly 600,000 cars per year.

The small size, at least by Japanese standards, of Hyundai's production capacity for the Pony makes a big difference in terms of overall costs. Wage levels at Ulsan are probably less than half, and perhaps not more than one-third, of those at the main Japanese car plants. But, because of lack of automation, production costs are "much higher" according to Mr. Chung. The Pony's domestic sales price in Korea works out at around $4,000 per car before tax, or some $300 more than the price in Tokyo of a Corolla. The difference was almost $1,500 in the Corolla's favour before the recent revaluation of the yen.

In foreign markets, Hyundai pitches the price of the Pony at or near those of equivalent Japanese cars such as the Corolla or the Datsun 120, and tries to sell the car on the styling of its Italian-designed body and the reliability of its Japanese-designed engine. To peg prices above Japanese levels would put paid to the Pony's chance of breaking into the developing markets on which Hyundai is focusing its hopes for the time being.

One car

Apart from basic cost and scale factors, Hyundai suffers from one other important limitation as an aspiring exporter: its sales effort is based on one car, available—so far—in one version. The Pony is being produced as a four-door saloon whereas comparable small Japanese cars come in three-door versions, as station wagons, coupes and pick-ups. Hyundai recognises the need to start offering all these alternatives before it can mount a real challenge to the front-running Japanese models. It also knows that it may have to develop a running mate for the Pony before it can even pretend to start competing across the board with the Japanese giants.

This, as Mr. Chung sees it, could be the biggest challenge of all. Mobilising the design skills needed to develop a new car will be far harder than in the early '70s, when Hyundai started work on the Pony, for the very simple reason that the company has been successful enough to make potential helpers wary.

The planning of the Pony's successor, and indeed all other kinds of long-term planning, have to compete in the Hyundai board room with the more immediate question of how to keep up with the exploding domestic demand for the Pony. The home market was tiny when Pony production began in December 1975 but since then annual registrations have increased almost ten-fold. Mr. Chung says that if the Korean car market continues to develop along the lines of the Japanese market in the early 'sixties, as it has done up to now, demand will double every year for the next few years. Total registrations could reach about 7m vehicles in 1990, which would be about one-fifth of the current Japanese level but about 50 times the 1978 figure for Korea.

With growth prospects like these facing it, Hyundai could easily be tempted to sit back and let production grow in line with home market demand. This is unlikely to happen, for two reasons. First, the men at Hyundai are too ambitious not to want to make their mark on the world car market. Secondly, the Korean Government would not dream of letting the motor industry become a high-cost replica of the introverted Australian motor industry.

The government has various ways of forcing Hyundai, and the two other big Korean motor manufacturers, to increase their exports. One is the device of linking a company's export performance to the number of CKD kits of larger cars it is allowed to import for the home market. Hyundai will start to import CKD kits of the Ford Granada later this year to meet the growing demand for a six-cylinder car from status conscious Korean businessmen, but will be allowed to bring in only one Granada for every five Ponies it exports.

Another weapon in the government armoury is its control over the financing of domestic car sales. As of now, Hyundai and other Korean manufacturers are obliged to sell their cars for cash on the home market, since the government bans the establishment of consumer finance corporations offering higher interest rates to depositors than those available on normal bank deposits. When the government finally decides to allow the motor industry to set up a consumer finance system, it will almost certainly devise a scheme linking the operation of the system to the industry's export performance.

Hyundai's determination, plus the badgering of the authorities, should be enough to make exports grow anyway over the next few years. But the breakthrough in the company's bid to become a fully competitive exporter may not come until production at Ulsan reaches at least 300,000 units per year. When this stage is reached, probably in the early to mid-1980s, it may begin to make sense to talk of a Korean challenge to the Japanese motor industry, and the time may have come, too, to start worrying about protectionist pressures in Western markets.

Mr. Chung has only one point to make about suggestions that the Pony, or its successors, might not be welcome in Europe. The Hyundai group, not just the motor company but its heavy industry partners as well, are the largest importer in Korea of European capital equipment, buying £50m to £70m worth of goods a year from Britain alone.

"You won't have to buy our cars," says Mr. Chung, "but you might be foolish not to, considering how much we buy from you."

APPOINTMENTS

Barclays local Board post

Mr. Malcolm Anson, deputy chief executive of the Imperial Group, has been appointed a non-executive local director of the Bristol local Board of BARCLAYS BANK.

★

Mr. G. Major has been appointed manager of the London branch of the NATIONAL BANK OF ABU DHABI

★

Mr. Ken Harding has been appointed managing director of COOKSON AND ZINN. He succeeds Mr. Tony Cookson who, as group executive chairman, is to concentrate on corporate development.

★

Mr. John V. H. Davies has been appointed commercial director of INDALEX

★

Mr. E. Frye has been appointed to the Board of H. BRAMMER AND COMPANY.

★

Following his retirement as chairman of K. E. Millard and Co., Mr. K. E. Millard has resigned from the Board of the parent concern WOOD HALL TRUST.

★

Mr. Gerardo Seeliger has been named vice-president in charge of BANKERS TRUST COMPANY'S representative office in Madrid, Spain. He joined the company in New York earlier this year.

★

Mr. Bill Sears, a systems consultant and Mr. Peter Wood, a drilling engineer, have been appointed directors of WELL-DRILL (UK).

★

Mr. Gerry Phillips, a director of HIGHAMS and managing director of Skol Clothing Company, will be resigning at the end of September by mutual agreement. He will be joining SHEMESH FASHION FABRIC DISTRIBUTORS as chairman

★

ASSOCIATED SPRAYERS has restructured its organisation with the formation of a subsidiary, ASL Airflow as the operating company. The parent concern is now the holding company. Mr. H. E. Newton-Mason remains chairman of Associated Sprayers with Mr. R. W. O. Beney as vice-chairman and chief executive. Mr. H. C. Cottrell and Mr. D. C. Hathaway have been appointed directors. Mr. Cottrell retired as senior partner of Phillip and Drew, stockbrokers, earlier this year. Mr. Hathaway is chairman of Dartmouth Investments.

★

Mr. Cornell C. Maier has been elected chairman of KAISER ALUMINUM AND CHEMICAL CORPORATION succeeding Mr. Edgar F. Kaiser who has been named chairman emeritus and honorary director for life. Mr. Maier continues as president and chief executive officer.

★

The Secretary for the Environment has appointed Mr. M. A. Hastilow to the COMMISSION FOR NEW TOWNS in place of Mr. Quinton Hazell, who was unable to take up that position announced on February 20.

★

Mr. D. J. Heather is to be the new secretary of FERTILISER MANUFACTURERS ASSOCIATION in place of Mr. J. C. Pinder. Mr. Heather starts work with the association on November 1, and formally takes over on November 26 on the retirement of Mr Pinder.

★

Mr. R. L. Horwood, a senior personnel manager with British Airways, has been appointed the first Nancy Seear Fellow in Personnel Management at the LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE, for the session 1978-79. The Fellowship will be awarded annually and enables the holder to take up to a year on leave from his or her normal job to engage in research and contribute to the Industrial Relations Department's programme of personnel management teaching.

★

Mr. Harry S. Tofts, at present director and general manager, has been appointed managing director, chemicals trading division, STEETLEY CHEMICALS, from October 1. Mr. Stanley F. Browning, who is director and general manager, will ... managing director ... division, STEETLEY ... TORIES, on that date ... panies are subsidiaries ... Steetley Company.

★

SOCIETE FINANCIERE ... PEENNE has appointed Mr. ... S. Slocum as managing director ... SFE Banking Corporation ... deputy chairman of the Board ... SFE Bank and Trust (Bahamas) ... the two Nassau, Bahamas ... recently acquired by the ... Group. Mr. Slocum was formerly chief executive of Arab ... national Finance Corporation ... previously was managing director of Charterhouse Japhet, London.

★

Mr. A. D. Brown has ... appointed agency manager ... underwriter for the FOLG... INSURANCE COMPANY.

★

Mr. J. N. Clark has ... appointed an executive ... president and director, B... CLAYS BANK OF CALIFORN... head office, San Francisco, ... agent, Barclays Bank In... national, San Francisco, ... October 8. He is at present acting assistant general manager ... Barclays Bank International ... special responsibility for ... bank's North America operations.

★

Mr. Henry B. Arnott has ... appointed to be the new regional vice-president for Europe ... PHILIPPINE AIRLINES.

★

The Secretary for the Environment has completed the review of the memberships of Northern, Yorkshire and Humberside, and East Midlands Economic Planning Councils with the following new appointments.

NORTHERN: Mr. J. Chadder..., Mrs. A. Collins, Mr. R. Ball, Mr. R. Storey.

YORKSHIRE AND HUMBERSIDE: Mr. E. H. Cretney, Mr. ... Dale, Mr. J. E. Eardley, ... G. M. A. Harrison, Mr. W. ...son and Mr. S. Webster.

EAST MIDLANDS: Mr. F. ... Hawkins, Mr. L. M. Rose, M... Trench and Mr. J. R. Wickster.

CONTRACTS

£1.5m works extension for T. S. Harrison

J. AND J. FEE, Halifax, has a contract valued £1.5m for building an additional factory and extensions to T. S. Harrison and Sons, Heckmondwike, Yorks (member of the 600 Group.)

★

STANLEY MILLER, Newcastle, have building contracts to the value of £8.8m. Work ranges from building of a Working Men's Club (£132,000) and the modernisation of 70 houses in Jedburgh (£404,500), to revitalisation work at Berwick upon Tweed (£1.5m) and Wallsend (£240,500).

★

SALEM ENGINEERING COMPANY has an order valued at about £750,000 for heat treatment furnaces for the Ford Transmission Plant at Halewood, Liverpool. The order includes one twin track continuous carbonitride furnace with both oil quench and salt bath quench, washing machine and continuous tempering furnace, together with one continuous twin track gas carburising furnace with oil quench, washing machine and continuous tempering furnace. The installation should be operational by late 1979.

★

BABCOCK CONTROLS is supplying Sunderland Shipbuilders with low-range oil content monitors—a contract worth over £23,000—for installation aboard six container orientated cargo vessels under construction at Pallion and Deptford Yards, for the Shipping Corporation of India

★

PATERSON CANDY INTERNATIONAL has been awarded a major portion of a multi-million pound contract won by Weir ... garth, for the supply of ... salination plant to provide ... ing water in the Middle East state of Dubai. Paterson ... supply electrolytic chlo... generation equipment to ... chlorinate the incoming ... water and a recarbonation ... sea-water plant.

★

James Burrough, distillers, ... awarded a contract worth ... £100,000 to SOFTWARE SC... CES for the design of a range ... commercial systems for a ... well Level 62 computer which ... to be delivered this year ... will include financial, order ... cessing, stock recording, ... management information systems. An important aspect will be ... preparation of export documentation.

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The Common Problems
London, October 2,3,4 1978

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The problems grow more complicated daily. A multi-modal approach to solutions is demanded and at the same time the new problems that new solutions will bring must be anticipated. An introductory speech by the Secretary of State for Transport, the Rt. Hon. William Rodgers, MP, will put the government view of the future of transport and will raise some of the questions, in general terms, that the experts will try to answer.

OPERATIONAL QUESTIONS. What system of transportation will follow containerisation? What difficulties will arise with the increasing transference from one transportation medium to another?

ENERGY QUESTIONS. Sources of energy are changing. What will the effect be on transport?

LABOUR QUESTIONS. Human resources have to be calculated, productivity charted, possible pitfalls foreseen.

FINANCIAL QUESTIONS. Future developments and the investment required now? What are the banking criteria for such developments?

PRICING AND MARKETING QUESTIONS. Is there general agreement over the various tariffs and is the need for flexibility in tariffs accepted? How is quality to be measured in each of the modes of transport? Where these are competitive, what are the criteria for assessment?

Senior managers in transport and financial institutions concerned with transport, and consultants to the industry will especially welcome this chance to pause and view the ways ahead.

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FINANCIAL TIMES CONFERENCES

Currency, Money and Gold Markets

Dollar declines after early rise

[T]he dollar lost ground in [nerv]ous trading as the euphoria [follow]ing the end of the Middle [East] summit meeting faded. The [contin]uing U.S. economic prob[lems] reasserted themselves, and [altho]ugh the U.S. currency was [a litt]le firmer in very early trad[ing, it] finished only slightly better [than] the weakest levels touched [durin]g the afternoon. The best [level] recorded against the Swiss [franc] was SwFr 1.5835, but it fell [to Sw]Fr 1.5650, before closing at [SwFr] 1.5700, compared with [SwFr] 1.5787½ on Monday. The [dollar] also improved against the [D-mar]k during the morning, [rising] to DM 1.9850, but then fell [to D]M 1.9690, and finished at [DM 1.]9745 compared with [DM 1.]9750 previously. Movements [were] similar in terms of the [Japan]ese yen, as the dollar rose [brief]ly to Y191, before falling to [...] and closing at Y190.20, [again]st Y190.65 on Monday.

[The] U.S. currency's trade-[weigh]ted depreciation since the [Washi]ngton Currency Agreement [was u]nchanged at 8.9 per cent, [on M]organ Guaranty figures, [while] the Swiss franc's apprecia[tion o]n a similar basis, rose to [a reco]rd high of 101.2 per cent [from 9]9.8 per cent.

[Ster]ling's trade-weighted index, [calc]ulated by the Bank of Eng[land], rose to 62.9 from 62.8, after [standin]g at 62.9 at noon and 62.8 [in ear]ly trading.

[The] pound opened at $1.9580-[1.9590] and fell to $1.9545-1.9555 [in ear]ly trading, in line with the [dollar']s general movement against [other] currencies. As the dollar [fell] back, sterling rose to [$1.963]0-1.9640 by noon, and [touche]d a high point of $1.9643-[1.9653] in the afternoon, before [closing] at $1.9620-1.9630, a rise of [... cen]ts on the day.

[NEW] YORK—The dollar rose [agains]t major currencies in very [e]arly trading as the market reacted to news that the second quarter trade deficit had narrowed substantially to a seasonally adjusted $3.26bn. compared with a revised $6.86bn in the first quarter of this year.

PARIS—The dollar was fixed at FFr 4.3840 in terms of the French franc, compared with FFr 4.3900 previously. The D-mark was fixed at FFr 2.2225, against FFr 2.2123 on Monday.

FRANKFURT—The Bundesbank did not intervene when the U.S. dollar was fixed at DM1.9720 against the D-mark, compared with DM1.9851 previously. The Swiss franc was fixed at DM1.2530, compared with DM1.2472, and sterling at DM3.8720, compared with DM3.8740. The dollar's fixing was down from DM1.9760 earlier in the day.

MILAN—The Swiss franc climbed to a record level against the lira at the fixing, at L528.64, compared with L522.99 on Monday. The dollar lost ground, and was fixed at L830.70, compared with L833.20 previously, with the Bank of Italy buying most of the $10m traded at the fixing to prevent a sharper decline by the U.S. currency. The lira fell against the D-mark, guilder, sterling and yen, but held firm in terms of the French franc.

AMSTERDAM—The dollar was fixed at Fl 2.1430 compared with Fl 2.1570 on Monday. In early trading the U.S. currency was quoted at Fl 2.1490.

ZURICH—Trading was very quiet, with the dollar moving within a very narrow range. At mid-morning the U.S. currency was quoted at SwFr 1.5795, and had fallen to SwFr 1.5670 by late afternoon.

BRUSSELS—The dollar was fixed at BFr 31.080, compared with BFr 31.3025 against the commercial franc, and the French franc was fixed at BFr 7.0950, against BFr 7.1340 on Monday.

TOKYO—The dollar closed lower against the yen in very slow trading, but finished slightly firmer than early morning levels. It opened at Y190.60, and ended the day at Y190.87½, compared with Y192.35. The opening quote was the lowest of the day, and the U.S. currency traded within a very narrow range throughout, touching a high of Y190.95. One reason for the lack of activity was said to be general confusion surrounding the terms of the Middle East peace agreement. Anticipation of further anti-inflation measures by the U.S. may have also kept investors out of the market. With very few buying or selling orders from foreign banks turnover was low at $259m for spot trading. Forward and swap dealings totalled $746m.

London Gold Price

THE POUND SPOT / FORWARD AGAINST £

Sept. 19	Bank rate %	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	7¾	1.9540-1.9665	1.9620-1.9630	0.62-0.52c pm	3.49	1.45-1.35c pm	2.85
Canadian $	9½	2.2950-2.3005	2.2985-2.2995	0.70-0.60c pm	3.40	1.60-1.50c pm	2.70
Guilder	4½	4.19½-4.23	4.20½-4.21½	2¾-1¾c pm	6.41	6½-5⅛c pm	5.70
Belgian F.	6	60.90-61.15	60.95-61.05	30-20c pm	4.92	75-65c pm	4.59
Danish K.	8	10.61½-10.67½	10.61½-10.62½	1-5 ore dis	-2.26	2½-4¼ ore dis	-1.22
D-Mark	3	3.86-3.89	3.87½-3.88½	3¼-2¼ pf pm	8.51	7⅝-6⅝ pf pm	7.36
Port. Esc.	18	88.75-89.75	89.20-89.70	50-150c dis	-13.42	200-450c dis	-14.56
Span. Pes.	8	144.85-146.25	144.95-146.05	50-150c dis	-8.28	160-250c dis	-5.52
Lira	10½	1,626-1,652	1,650-1,651	1lire pm-1dis	par	5-7 lire dis	-1.47
Nrwgn. K.	7	10.22½-10.26½	10.25-10.26	2½-1 ore pm	1.75	4¾-2¾ ore pm	1.47
French Fr.	9½	8.56½-8.65	8.61½-8.62½	3¾-2¾c pm	4.48	7¾-6¾c pm	3.36
Swedish Kr.	6½	8.66½-8.68	8.67½-8.68½	4-2 ore pm	4.15	8-7 ore pm	3.68
Yen	3½	370-376	375-376	3.45-3.15y pm	10.55	8.90-8.60y pm	9.36
Austria Sch.	4½	27.50-28.10	28.00-28.05	17-7 gro pm	5.14	48-38 gro pm	5.00
Swiss Fr.	1	3.07½-3.11	3.07½-3.08½	3⅝-2⅝c pm	11.19	9⅛-8⅛c pm	11.19

Belgian rate is for convertible francs. Financial franc 62.95-63.00.

Six-month forward dollar 2.65-2.55c pm. 12-month 4.95-4.85c pm.

THE DOLLAR SPOT / FORWARD AGAINST $

September 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canad'n $*	85.40-85.73	85.43-85.45	Par-0.02c pm	0.13	0.06-0.03c dis	-0.12
Guilder	2.1435-2.1490	2.1435-2.1455	0.74-0.64c pm	3.89	1.72-1.66c pm	3.09
Belgian Fr	31.05-31.19	31.05-31.10	5½-4½c pm	2.19	14½-13c pm	1.90
Danish Kr	5.4025-5.4405	[illegible]	—		—	
D-Mark	1.9730-1.9790	1.9738-1.9748	0.98-0.93pf pm	5.26	2.80-2.75pf pm	5.67
Port. Esc	45.45-45.65	45.50-45.60	—		—	
Lira	[illegible]	[illegible]	2.50-2.90lire dis	-3.65	7.00-7.75lire dis	-3.51
Nrwgn. Kr	5.2150-5.2340	5.2158-5.2168				
French Fr	4.3925-4.3828	4.3925-4.3975	0.50-0.40c pm	1.16	0.85-0.70c pm	0.32
Swedish Kr	4.4225-4.4385	4.4225-4.4235	—		—	
Yen	190.10-193.90	190.10-190.25	1.20-1.10y pm	6.78	3.29-3.10y pm	6.53
Austria Sch	14.25-14.35	14.25½-14.26½	—		—	
Swiss Fr	1.5700-1.5820	1.5700-1.5720	1.20-1.16c pm	9.30	3.39-3.35	8.42

* U.S. cents per Canadian $.

CURRENCY RATES

September 19	Special Drawing Rights	European Unit of Account
Sterling	0.650028	0.661772
U.S. dollar	1.26853	1.30215
Canadian dollar	1.47999	1.50409
Austrian schilling	18.2161	18.5400
Belgian franc	39.7082	40.4163
Danish kroner	6.93125	7.05909
Deutsche Mark	2.51816	2.56540
Guilder	2.73622	2.78570
French franc	5.56821	5.66912
Lira	1057.88	1076.60
Yen	243.938	247.225
Norwegian kroner	6.66359	6.78125
Peseta	94.2452	95.8299
Swedish kroner	5.62656	5.72955
Swiss franc	[illegible]	2.05575

CURRENCY MOVEMENTS

September 19	Bank of England Index	Morgan Guaranty changes %
Sterling	62.92	-40.6
U.S. dollar	84.35	-8.9
Canadian dollar	80.43	-16.9
Austrian schilling	140.73	+17.7
Belgian franc	111.27	-12.8
Danish krone	114.74	+4.9
Deutsche Mark	142.82	+34.5
Swiss franc	[illegible]	+101.2
Guilder	123.19	+17.6
French franc	98.42	-3.7
Lira	55.99	-47.9
Yen	153.48	+51.5

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Sept. 19	£	$		£ Note Rates
Argentina Peso	1,667-1,671	849.45-851.46	Austria	27.60-28.50
Australia Dollar	1.7018-1.7068	0.8677-0.8689	Belgium	62.60-63.60
Finland Markka	7.99-8.01	4.0750-4.0770	Denmark	10.60-10.75
Brazil Cruzeiro	37.18-38.18	18.94-19.45	France	8.55-8.65
Greece Drachma	71.495-73.348	36.43-37.32	Germany	3.80-3.90
Hong Kong Dollar	9.31-9.33	4.74-4.75	Italy	1600-1650
Iran Rial	134-140	68.28-71.54	Japan	370-380
Kuwait Dinar (KD)	0.530-0.540	0.2701-0.2751	Netherlands	4.15-4.25
Luxembourg Franc	60.95-61.05	31.07-31.10	Norway	10.20-10.30
Malaysia Dollar	4.5075-4.5200	2.2970-2.2990	Portugal	87-100
New Zealand Dollar	1.8520-1.8590	0.9438-0.9465	Spain	143-147½
Saudi Arabia Riyal	6.45-6.55	3.28-3.32	Switzerland	3.05-3.15
Singapore Dollar	4.4075-4.4200	2.2520-2.2580	United States	1.9575-1.9650
South African Rand	1.6892-1.7152	0.8607-0.8740	Yugoslavia	38.00-41.00

Rate given for Argentina is free rate.

[EXC]HANGE CROSS RATES

Sept. 19	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.963	3.878	376.0	8.620	3.083	4.210	1651	2.296	61.00
U.S. Dollar	0.510	1.	1.976	190.5	4.392	1.571	2.145	850.8	1.170	31.08
Deutsche Mark	0.258	0.506	1.	96.45	2.223	0.795	1.086	425.8	0.592	15.73
Japanese Yen 1,000	2.674	5.247	10.37	1000.	23.05	8.242	11.26	4430	6.139	163.1
French Franc 10	1.160	2.277	4.498	433.8	10.	3.575	4.884	1914	2.664	70.77
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.	[illegible]	[illegible]	[illegible]	19.79
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.	[illegible]	[illegible]	14.49
Italian Lira 1,000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1000.	[illegible]	37.41
Canadian Dollar	[illegible]	0.855	1.689	162.9	[illegible]	[illegible]	1.834	710.1	1.	26.57
Belgian Franc 100	1.639	3.217	[illegible]	[illegible]	14.13	[illegible]	[illegible]	[illegible]	3.764	100.

[EURO-]CURRENCY INTEREST RATES

Sept. 19	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
7 days' notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[The f]ollowing nominal rates were quoted for London dollar certificates of deposit: One month [illegible] per cent; three months 8.90-9.00 per cent; six months 9.13-9.35 per cent; one year 9.25-9.35 per cent.

[Long-]term Eurodollar deposits: two years 9⅝-9¾ per cent; three years 9⅝-9¾ per cent; four years 9⅝-9¾ per cent; five years 9⅝-9¾ per cent nominal closing rate. [Short-term] rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

[IN]TERNATIONAL MONEY MARKET

[B]elgian rates unchanged

[The r]ate on Belgian four-month [Fund] fund papers was left [unchan]ged at 7.25 per cent at [yesterd]ay's auction as announced [by the] Belgian Central Bank. At [the sam]e time one to three-month [Treasur]y certificates were also [un]changed. It now seems [that at] today's meeting of the [Central] Bank Board, the discount [and Lom]bard rates will be left at [... per c]ent.

[NEW] YORK—13-week Treasury [bills we]re quoted at 7.92 per cent [against] an average of 7.884 per [cent at] Monday's auction while [26-week] bills were also higher at [... pe]r cent compared with [... pe]r cent at the auction. One-[year bi]lls remained at 8.02 per [cent, u]nchanged from late Mon[day].

[Feder]al funds were trading at [... per] cent which was unchanged [from] previously. One-month [certifica]tes of deposit showed little change at 8.45 per cent for one-month through to 8.70 per cent for three-month.

Deposit rates for the Belgian franc (commercial) were steady at 6¾-6⅞ per cent for one-month while the three-month rate rose to 7½-7⅝ per cent compared with 7⅜-7½ per cent previously. Longer term deposits remained at 7½-7¾ per cent for six-month and 7½-7¾ per cent for 12-month. Call money was slightly firmer at 4.85 per cent compared with 4.55 per cent previously.

FRANKFURT—Interbank money market rates were unchanged from Monday at 3.45-3.55 per cent for call money through to 4.10-4.25 per cent for 12 months. The Bundesbank is not to hold a Press meeting after its usual Thursday meeting, and this is generally seen as an indication that there will be no changes in credit policy.

AMSTERDAM—Interbank money market rates were generally firmer and while call money remained at 5-5¼ per cent, the one-month rate rose to 5⅜-5⅝ from 5¼-5½ per cent on Monday. The three-month rate was also firmer at 6¾-6⅞ per cent compared with 6½-6¾ per cent as was the 12-month rate at 6¾-7 per cent against 6⅝-6⅞ per cent.

PARIS—Money market rates were mixed with call money easing to 7 per cent from 7⅛ per cent and one-month at 7⅛-7¼ per cent unchanged. Three-month money eased to 7⅜-7½ per cent from 7½-7⅝ per cent while the six-month rate rose to 7½-7⅝ per cent from 7⅜-7½ per cent. 12-month money was easier at 8⅛-8⅜ per cent compared with 8¼-8⅜ per cent.

HONG KONG—Conditions in the money market were tight with call money at 6½ per cent and overnight business at 6⅞ per cent. Monday's rates were unavailable due to a public holiday.

GOLD

Firmer trend

Gold opened at $211¾-212, and was fixed at $211.10 (£107.809) in the morning. It rose slightly to $211.45 (£107.789) in the afternoon at the fixing, but soon rose to a best level of $213½-214, before closing at $212¾-213¼, a rise of $1⅞ on the day, ahead of the latest gold auction by the U.S. Treasury.

In Paris the 12½ kilo gold bar was fixed at FFr 29,450 per kilo ($208.93 per ounce) yesterday afternoon, compared with FFr 29,400 ($208.83) in the morning, and FFr 29,250 ($207.25) Monday afternoon.

	Sept. 19	Sept. 18
Gold Bullion (a fine ounce)		
Close	$212¾-213¼	$210½-211½
Opening	$211¾-212	$209-209½
Morning fixing	$211.10	$209.50
	(£107.809)	(£107.185)
Afternoon fixing	$211.45	$210.00
	(£107.789)	(£107.556)
Gold Coins domestically		
Krugerrand	$219-221	$218½-220½
	(£111½-112½)	(£111½-112½)
New Sovereigns	$60¾-62¾	$60¾-62¾
	(£31-32)	(£31-32)
Old Sovereigns	$61½-63½	$61-63
	(£31½-32½)	(£31½-32½)
Gold Coins internationally		
Krugerrand	$218-220	$217-219
	(£111-112)	(£110¾-111¾)
New Sovereigns	$58¼-60¼	$57½-59½
	(£29¾-30¾)	(£29½-30½)
Old Sovereigns	$61½-65½	$61-63
	(£31½-32½)	(£31½-32½)
$20 Eagles	$311-315	$311-316½
$10 Eagles	$165-166	$165-166
$5 Eagles	$115-116	$115-116

[L]ONEY MARKET

[A]dequate credit supply

[Bank] of England Minimum [Lend]ing Rate 10 per cent [(s]ince June 8, 1978)

[Condi]tions in the London [money] market yesterday were [fair]ly dull and the authorities [were n]ot required to give any [assistan]ce. The market was [helped] by a small excess of [Govern]ment disbursements over [revenue] transfers to the Exchequer and balances brought forward by the banks some way above target. On the other hand there was a modest take up of Treasury bills and a very small increase in the note circulation. There was also a moderate sum of corporation bills maturing in official hands.

Discount houses paid 8¼-8½ per cent for secured call loans at the start and closing balances were taken between 7¾ per cent and 8 per cent although 7 per cent was seen in places.

In the interbank market overnight loans opened at 8¾-8⅞ per cent where they traded for most of the morning. During the afternoon rates eased to 7½-8 per cent before closing balances were taken at around 9 per cent.

Rates in the table below are nominal in some cases.

[LOND]ON MONEY RATES

Sept. 19	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	—	7½-9	—	—	—	8⅝-9⅛	7-8¼	—	—	—
2 days notice	—	—	8¾-9	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	9-9¼	—	—	—	—
7 days notice	—	8¾-9	8⅞-9	—	9⅛-9¼	—	[illegible]	—	—	—
One month	9⅛-9 1/16	[illegible]	9-9⅛	9¼-9⅛	9⅛-9⅜	9½	8¾-9	8¾-8 11/16	9 1/16	9⅛
Two months	9 3/16-9 1/16	9⅛-9¼	—	9⅛-9⅜	9¼-9¾	—	9	8⅞	9 1/16	9¼
Three months	[illegible]	9¼-9⅜	9⅛-9¼	9 9/16	9⅜-9⅞	9⅜	9 1/16	8⅞-9⅛	9 1/16-9¼	9½
Six months	9½-9 9/16	9 7/16-9⅝	9½-9⅝	9¼-9½	9⅞-10⅛	—	—	—	9 9/16-9 11/16	9⅝
Nine months	9⅝	9 7/16-9⅝	—	9½-9⅞	10¼	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
Two years	—	—	[illegible]	[illegible]	—	—	—	—	—	—

[Approx]imate selling rates for one-month Treasury bills [illegible] per cent; two-month [illegible] per cent; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent; two-month [illegible] per cent; and three-month [illegible] per cent. One-month trade bills [illegible] per cent; two-month [illegible] per cent; and also three-month [illegible] per cent.

[L]ocal authority and finance houses seven days' notice, others seven days' fixed. [illegible] Finance Houses Base Rates (published by the Finance Houses Association) [illegible] per cent from September 1, 1978. Clearing Bank Deposit Rates for small sums at seven days' notice [illegible] per cent. Clearing Bank Base Rates for lending 10 per cent. [Treasury] Bills: Average tender rates of discount [illegible].

MONEY RATES

NEW YORK	
Prime Rate	9.5
Fed Funds	8.3125
Treasury Bills (13-week)	7.92
Treasury Bills (26-week)	8.01
GERMANY	
Discount Rate	3
Overnight	3.5
One month	3.6
Three months	3.725
Six months	4.025
FRANCE	
Discount Rate	9.5
Overnight	7.0
One month	7.25
Three months	7.375
Six months	7.75
JAPAN	
Discount Rate	[illegible]
Call (Unconditional)	4.125
Bills Discount Rate	4.625

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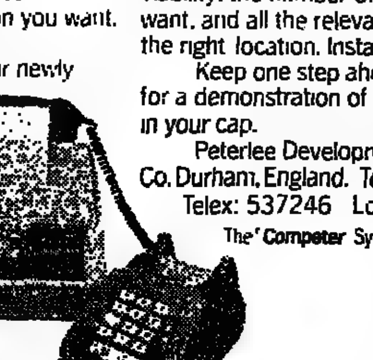

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WORLD STOCK MARKETS

Dow sheds 2 more in reduced early trading

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—93¼% (95¾%)
Effective $1.9625 45¼% (47½%)

AS INVESTORS continued to to worry over rising interest rates, Wall Street remained in easier mood yesterday morning in reduced activity.

The Dow Jones Industrial Average shed 2.25 more to 867.90 at 1 pm, while the NYSE All Common Index was 4 cents lower at $58.20 and losses outpaced gains by nearly a two-to-one ratio. Trading volume contracted to 21.58m shares from Monday's 1 pm level of 27.85m.

Closing prices and market reports were not available for this edition.

The Federal Open Market Committee was scheduled to meet later in the day, and most analysts were expecting some firming of monetary policy to follow.

The Commerce Department reported a narrowing of the second-quarter U.S. current account deficit, which was helpful to the dollar in New York, but Stock Market analysts said July trade figures were poor and they are more concerned with August trade results than those of the second-quarter.

Gaming issues continued under pressure following last Friday's extension of higher margin requirements by the New York and American stock exchanges.

Ramada Inns, again the most active issue, lost 1¼ to $13½, while **Holiday Inns** declined ¾ to $26¼, **Hilton Hotels** 1¼ to $34¼, **Caesars World** 3⅝ to $33¼, **Del E. Webb** ⅞ to $30⅞ and **Bally Manufacturing** 1⅞ to $55⅜.

IBM added 2 at $291—an IBM unit has won a $119m navy sonar contract.

Burroughs rose ¾ to $81⅞, **Honeywell** ¼ to $67⅝, **National Semiconductor** ⅝ to $28½, **General Motors** ⅝ to $63⅞ and **Du Pont** 1⅞ to $124⅜.

Levi Strauss reported higher net profits and put on ⅛ to $33¼.

United Technologies fell 2½ to $43⅞ in its first trading since Friday — the shares were not traded on Monday when it proposed a merger with **Carrier**, or alternatively a tender offer for 49 per cent of Carrier's Common stock at $28 a share. **Carrier had not yet traded.**

THE AMERICAN SE Market Value Index came back 0.77 further to 170.50 at 1 pm. Volume 2.86m shares down from the previous day's 1 pm level of 3.85m.

Resorts International "A" receded 5¼ to $162⅞ and the "B" 26 to $223, while **Golden Nugget** lost 1⅛ to $29 and **Nortex** 1⅞ to $17⅞.

Riley dropped 4⅞ to $44⅞, and volume leader **McCulloch Oil** shed ⅜ to $5⅞.

Canada

A further reaction across a broad front occurred in fairly active early dealings yesterday. The Toronto Composite Index gave up 6.1 more to 1,263.1 at noon, while Oils and Gas declined 6.3 to 1,669.4, Metals and Minerals 5.1 to 1,069.2, Banks 2.17 to 294.65 and Papers 2.51 to 142.07.

Among Papers, **Consolidated-Bathurst "A"** retreated 1⅝ to C$33⅞ and **Price Co.** C$1 to C$17⅞.

Stelco "A" C$26½, and **Pacific Petroleum** C$37⅞, lost ⅜ apiece.

Tokyo

Share prices turned easier on sporadic liquidations in the absence of any fresh market stimulus. The Nikkei-Dow Jones Average closed 19.45 down at 5,652.91 after moderate volume of 240m shares (170m). The Tokyo SE index shed 1.55 to 427.06.

Pharmaceuticals, Foods, Machines and Electricals fell as investors became generally cautious about the high levels reached in recent sessions.

Recently-selected Public Works issues and Real Estates also declined on profit-taking, but Vehicles and Motor Components were modestly firmer.

Kaken Chemical came back Y120 to Y2,850, **Ono Pharmaceutical** Y100 to Y1,130, **Green Cross** Y50 to Y2,350, **Fujiya Confectionary** Y27 to Y543, **Chiyoda Chemical** Y40 to Y1,100, **Nippon Telecommunications Construction** Y60 to Y3,740, **TDK Electronics** Y60 to Y2,120 and **General Sekiyu** Y50 to Y1,100.

In contrast, **Honda Motor** gained Y3 to Y519, **Koatsu Gas Kogyo** Y56 to Y875, **Tohoku Metal** Y43 to Y263, **Wasino Machine** Y42 to Y335 and **Nippon Oil Seal** Y24 to Y395.

Paris

Bourse prices continued to show a downward tendency in moderate activity, with the persisting weakness of the French franc in relation to other major European currencies adversely affecting sentiment.

Metals weakened noticeably, with **Sacilor** falling 8 per cent and **Usinor** 7 per cent. Brokers cited reports that the Government will announce measures today giving it greater control of the steel industry.

Banks, Foods, Motors, Constructions and Stores were other dull sectors, but Electricals were steady, while Oils and Chemicals advanced.

Elf-Aquitaine, in Oils, rose 11 to FFr 532, while Chemicals had **Cotelle** 5 per cent higher, and **Merieux** up 3 per cent.

The day's star performer was **Europe 1**, which put on 10 per cent, but operators were unable to explain the stock's sudden popularity.

Germany

Stocks generally softened in relatively quiet trading.

Losses were most marked in Motors and Banks, where **BMW** and **Daimler** shed DM 1.90 and DM 1.50 respectively, and **Bayerische Vereinsbank** retreated DM 2.50 and **Commerzbank** DM 1.40.

In Electricals, **Siemens** eased DM 1 but **AEG** gained DM 1.90 following news that the two concerns have reached agreement, releasing AEG-Telefunken from any further claims by Siemens' subsidiary Kraftwerk Union concerning AEG's joint nuclear reactor activities with Siemens since April, 1974.

Domestic Bonds were mixed, with Public Authority issues gaining up to 20 pfennigs and losing up to 35 pfennigs. The Regulating Authorities sold DM 8.9m nominal of paper (DM 15.9m). Mark Foreign Loans were steady.

Milan

Further strong demand took most shares further ahead to their best levels of the year, with the Banca Commerciale Italiana index rising 2.41 more to a 1978 peak of 80.14.

During the session, the Italian Bank announced a 1 percentage point cut in interest rates on sales on margin, possibly another incentive for a continuation of the upward trend. Yesterday's trading lasted about two hours longer than usual as a result of record activity, with the value of shares traded reaching almost L26bn.

The market advance was again led by **Fiat**, up 323 at L2,984, and **Italcement**, 1,130 higher at L20,000.

Hong Kong

The market resumed its retreat following the long holiday weekend on further profit-taking by local investors. Although closing above the day's worst, the Hang Seng index recorded a fresh fall of 18.84 at 623.76.

Hong Kong Bank fell 70 cents to HK$19.40, while **Hong Kong Land** and **Jardine Matheson** each receded 50 cents to HK$12 and HK$17.20 respectively. **Swire Pacific** lost 20 cents to HK$10, **Hutchison Whampoa** 10 cents to HK$6.30, **Wheelock** 7.5 cents to HK$3.45, **Hong Kong Wharf** HK$1.75 to HK$31.50, **China Light** HK$1.15 to HK$29.10, and **Cheung Kong** 90 cents to HK11.90.

Australia

Bank stocks again dominated activity as investors continued to show approval of new disclosure regulations, announced on Sunday by the Treasury. It is expected that the new arrangements will bring additional benefits to shareholders. **Bank of NSW** added another 20 cents at A$7.90, while **ANZ** gained 3 cents more to A$3.88.

Minings were mainly in easier mood, with **CRA** losing 4 cents to A$3.64, **Western Mining** 3 cents to A$1.83 and **Renison Tin** 20 cents to A$11.30.

Uraniums remained under a cloud awaiting further developments over the Ranger project. There appears to be some disagreement among the partners about shares of royalties and some politicians are urging the Northern Land Council to refuse to ratify the agreement. **Peko-Wallsend** shed 4 cents more to A$6.46 and **Queensland Mines** were 5 cents lower at A$3.85, while **EZ Industries** retreated 20 cents to A$3.05, but **Pancontinental** put on 20 cents more to A$14.80.

Thiess, in Coals, provided a bright spot at A$3.35, up 10 cents, while **CSR** recovered 7 cents to A$3.75.

Most leaders in manufacturing groups came in for some light selling, but there was some small investor support for second-rankers, leaving the Industrial market with a firm bias overall. Market leader **BHP** declined 8 cents to A$8.36.

Switzerland

Prices edged lower in quiet trading, with currency unrest contributing to the easier tone.

Ciba-Geigy lost 25 to SwFr 935 and *Electrowatt* 25 to SwFr 1,910.

Johannesburg

Gold shares picked up in moderate volume, reflecting the increase in the price of Bullion.

Mining Financials were selectively harder, but Diamond concern **De Beers** fell 10 cents more to R8.10.

Platinum and Copper issues were firmer-inclined, while Asbestos shares gained between 2 and 10 cents in a quiet trade. Leading Industrials were mixed.

Indices

NEW YORK—DOW JONES

	Sept. 18	Sept. 15	Sept. 14	Sept. 13	Sept. 12	Sept. 11	1978 High	1978 Low	Since Compilation High
Industrials	870.15	878.55	887.04	899.60	906.44	907.74	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)
H'me B'nds*	89.50	89.54	88.47	89.45	89.55	89.46	90.85 (4/1)	85.75 (11/7)	—
Transport	247.05	250.75	253.51	257.21	260.08	260.62	261.49 (8/9)	199.31 (9/1)	279.88 (7/2/69)
Utilities	105.59	106.43	106.70	107.46	107.56	107.75	110.98 (5/1)	102.84 (23/6)	163.32 (20/4/69)
Trading vol. 000's	56,860	37,280	57,400	46,340	54,400	39,670	—	—	—

* Basis of Index changed from August 28

	Sept. 15	Sept. 8	Sept. 1	Year ago (approx.)
Ind. div. yield %	5.39	5.21	5.38	5.25

STANDARD AND POORS

	Sept. 18	Sept. 15	Sept. 14	Sept. 13	Sept. 12	Sept. 11	1978 High	1978 Low	Since Compilation High
Industrials	114.36	115.65	116.61	117.94	118.71	118.67	118.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)
Composite	105.21	104.12	105.10	106.34	106.99	106.98	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/73)

	Sept. 13	Sept. 6	Aug. 30	Year ago (approx.)
Ind. div. yield %	4.63	4.67	4.76	4.60
Ind. P/E Ratio	9.88	10.08	9.89	9.56
Long Gov. Bond yield	8.35	8.37	8.42	7.58

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO

JOHANNESBURG

MONDAY'S ACTIVE STOCKS

NEW YORK

CANADA

† Bid. ‡ Asked. § Traded. ¶ New stock.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.

♦ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Pta 500 denom. unless otherwise stated. ♣ DKr 100 denom. unless otherwise stated. ♠ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs, including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. ∆ Interim since increased.

GERMANY ♦

TOKYO ¶

AUSTRALIA

BRAZIL

OSLO

JOHANNESBURG

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

SWITZERLAND ♠

COPENHAGEN ♣

MILAN

STOCKHOLM

VIENNA

SPAIN ♥

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS 761

BASE LENDING RATES

A.B.N. Bank 10 %	■ Hambros Bank 10 %
Allied Irish Banks Ltd. 10 %	■ Hill Samuel §10 %
American Express Bk. 10 %	C. Hoare & Co. †10 %
Amro Bank 10 %	Julian S. Hodge 11 %
A P Bank Ltd. 10 %	Hongkong & Shanghai 10 %
Henry Ansbacher 10 %	Industrial Bk. of Scot. 10 %
Banco de Bilbao 10 %	Keyser Ullmann 10 %
Bank of Credit & Cmce. 10 %	Knowsley & Co. Ltd. 12 %
Bank of Cyprus 10 %	Lloyds Bank 10 %
Bank of N.S.W. 10 %	London Mercantile 10 %
Banque Belge Ltd. 10 %	Edward Manson & Co. 11½%
Banque du Rhone 10½%	Midland Bank 10 %
Barclays Bank 10 %	■ Samuel Montagu 10 %
Barnett Christie Ltd. 11 %	■ Morgan Grenfell 10 %
Bremar Holdings Ltd. 11 %	National Westminster 10 %
Brit. Bank of Mid. East 10 %	Norwich General Trust 10 %
■ Brown Shipley 10 %	P. S. Refson & Co. 10 %
Canada Perm't Trust 10 %	Rossminster 10 %
Capitol C & C Fin. Ltd. 10 %	Royal Bk. Canada Trust 10 %
Cayzer Ltd. 10 %	Schlesinger Limited 10 %
Cedar Holdings 10½%	E. S. Schwab 11½%
■ Charterhouse Japhet 10 %	Security Trust Co. Ltd. 11 %
Choulartons 10 %	Shenley Trust 11 %
C. E. Coates 10 %	Standard Chartered 10 %
Consolidated Credits 10 %	Trade Dev. Bank 10 %
Co-operative Bank °10 %	Trustee Savings Bank 10 %
Corinthian Securities 10 %	Twentieth Century Bk. 11 %
Credit Lyonnais 10 %	United Bank of Kuwait 10 %
The Cyprus Popular Bk. 10 %	Whiteaway Laidlaw 10½%
Duncan Lawrie 10 %	Williams & Glyn's 10 %
Eagil Trust 10 %	Yorkshire Bank 10 %
English Transcont. 11 %	■ Members of the Accepting Houses Committee.
First Nat. Fin. Corp. 11½%	° 7-day deposits 7%, 1-month deposits 7¼%.
First Nat. Secs. Ltd. 11 %	† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼%, and over £25,000 7½%.
■ Antony Gibbs 10 %	‡ Call deposits over £1,000 7%.
Greyhound Guaranty 10 %	§ Demand and deposits 7¼%.
Grindlays Bank ‡10 %	
■ Guinness Mahon 10 %	

FINANCIAL TIMES SURVEY

Wednesday September 20 1978

Whisky

A unique product and a major earner of export revenue, Scotch whisky has held its position in both UK and foreign markets in the face of what its producers see as growing discrimination against it, particularly within the EEC.

...oping ...ith ...ew ...les

...enneth Gooding

...UK should consider itself
...ate that Scotch whisky
... be produced anywhere
...but in Scotland. Many
...ies have attempted to
... the flavour, capture the
...ter of the spirit in drinks
...ir own but have failed.
... the Japanese must resort
...orting malt whisky from
...d to give their own top
... whiskies the taste custo-
...re willing to pay some-
...xtra for.

...cotch has become a major
... for Britain, bringing in
... in foreign earnings last
...nd a further £350m in
...st seven months of 1978,
... 26 per cent rise on the
...eriod last year.

... big thirst for Scotch is
...massive US market where
... is sold than even in
... Third in size, and the
...largest importer of
... is Japan. All three
...es last year suffered from
...evel of economic activity,
...is was reflected in the
...e in the total volume of
... exported—a mere 2 per
... 94m gallons—compared
...e 8-10 per cent seen up
... early 1970s.

...e UK Scotch is a tradi-
...drink which takes at least
... market for spirits. That
... it outsells all the gins,
... brandies, rums and so
...n when their total sales
...mbined. The market is
...ted by large retail chains
... brewers, so price com-
... is a major factor.

...ther Common Market
...s Scotch has to compete
... traditional local drinks.
...ime example is West
...y, where Scotch repre-
...nly 3 per cent of total
...ales.

...over Europe there is discrimination in favour of local products. The Scotch Whisky Association lists four in Italy, three in France and two in Denmark, all of them by way of the tax or duty systems. The EEC Commission has finally decided to take some action and has asked the Court of Justice to look into the various allegations.

Briefly, these add up to Britain accusing France of protecting Cognac against Scotch; France accusing Britain and Denmark of protecting beer against wine; grain spirit producing countries like Britain and West Germany saying that Italy taxes their products unfairly compared with Grappa; while nearly every country accuses Denmark of taxing everything too highly to protect Aquavit.

Crowded

It will take some time to sort that lot out. Discrimination against Scotch, coupled with the more obvious problem of building up sales in highly-competitive and crowded drinks markets in the EEC, led the Scotch producers to put their faith in the sole distributor system. This involves the appointment of one distributor for each brand for every country. In return the distributor invests some of his own cash in the future of the brand.

The Scotch whisky industry's determination to find a way to preserve this sole distributor system has led it into conflict with the European Commission, a conflict which became public in the most dramatic fashion last December and resulted in Distillers Company withdrawing best-selling brands from the British market. The repercussions of this dispute, examined in detail in this survey, will go rumbling on for some time.

As far as the industry is concerned there is discrimination at home too. Every bottle of Scotch sold in Britain attracts £3.16 of duty. Then there is VAT on the final selling price, so that a bottle of Scotch sold at a typical £4.20 provides the Treasury with £3.46. So Scotch will provide the government with at least £500m this year in duty alone.

By whatever method you do the analysis, Scotch pays more duty than beer or wine.

It does not end there. For, while the brewers are allowed some time to pay the duty, the Scotch whisky industry is not. As soon as the spirit is withdrawn from bond for home market sale duty has to be paid. The producer will then have to wait perhaps six weeks to get the cash back.

The Treasury benefits by over £100m, which is the average amount the industry is owed at any one time. In effect, it represents an interest-free, permanent loan to the Government. The interest the industry has to pay on the money borrowed to finance duty payments could be put to better use.

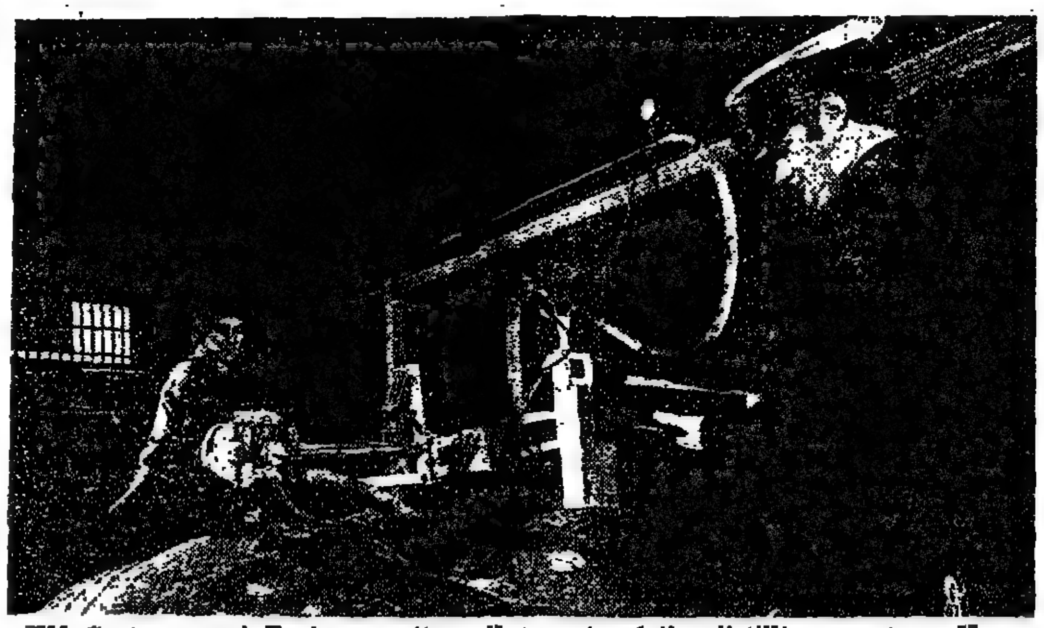
There are signs that this system will soon be changed. The distillers expected an announcement in the last Budget, because discussions with the Customs and Excise, responsible for policing the duty system, had disposed of the technical problems. But the Treasury once again suggested that it could not afford to lose the income of the moment. Perhaps the next Budget will prove to be a different story.

In the meantime, however, the industry has been hammered again over a duty technicality. For 120 years it has been the custom for a distiller to extract up to a tenth of a gallon from each 48-gallon cask for "tasting and testing." Scotch whisky companies, openly and with the full knowledge of the Customs and Excise, bottled some of the surplus duty-free whisky for sale in the home market and some was used for promotional purposes.

The industry took the view that this concession was a small compensation for the heavy cost of collecting duty on the Government's behalf—it must provide accommodation for Excise officers at uneconomic rents and heavy investment in "secure areas," for example.

In August, however, the House of Commons Public Accounts Committee described this system as "an abuse" and claimed it was costing the Treasury £7m a year. It urged that changes be made, and "the Customs and Excise is to comply.

The Scotch Whisky Association insists it is simply not true to say that the sale of duty-free samples has been depriving the Exchequer of revenue. "The Government in the past has implied that this practice was taken into account when the level of duty was fixed . . . this is yet another example of the Government's refusal to recognise and support the country's most consistently successful exporting industry."



HM Customs and Excise monitor all aspects of the distilling process. Here an officer checks the filling of casks.

A balance of payments aspect which does not get so much attention as the industry's export record is the way it has attracted inward foreign investment.

Again this springs from the fact that Scotch can only be obtained from Scotland. The major recent example is the acquisition—for £47m—of Glenlivet Distillers by the North American group Seagram. As the biggest liquor group in the world, Seagram was determined to have a bigger say in the Scotch business, which is still dominated by Distillers Company. Distillers probably owns more than half the production capacity for Scotch and almost certainly was responsible for over half the exports last year.

There are not many Scotch companies left to be acquired, however, because the structure of the industry has changed considerably in recent years. First the Whitbread brewing group took over Long John International, and then Teacher (Distillers) was bought by Allied Breweries, the Ind Coope, Tetley and Ansells combine.

For the brewers it represented an opportunity to lay their hands on businesses with international potential. The sad fact is that beer does not export very well becau: it is so bulky and heavy and, even worse, the rest of the world doesn't like British beer. Hence the UK's balance of trade in beer has always been in the red.

For the Scotch concerns involved, the acquisitions solved the major problem every successful Scotch business faces—that of financing stocks.

A Scotch whisky company does not simply replace stocks but it has to build them up for expected demand five years ahead—for that is the average age of the whisky when it is finally blended, bottled and sold.

The industry has more than 1bn gallons of Scotch currently maturing. This must be worth at least £1.50 a gallon on average.

About 40 per cent of the whisky i the average bottle of blended Scotch sold under one famous brand name or other is malt whisky, made from malted barley by the centuries-old pot still method. The rest of the blend is made up of grain whisky, a neutral spirit which can be produced in large quantities by a continuous process. Scotland has 115 malt whisky distilleries but only 14 making grain whisky.

Total capacity at Scotland's grain distilleries is around 125m gallons a year and the largest is capable of producing 16m gallons a year. Only about 30 of the malt distilleries can produce more than 1m gallons a year and the largest, Tomatin, has a capac[illegible] of 4.8m gallons.

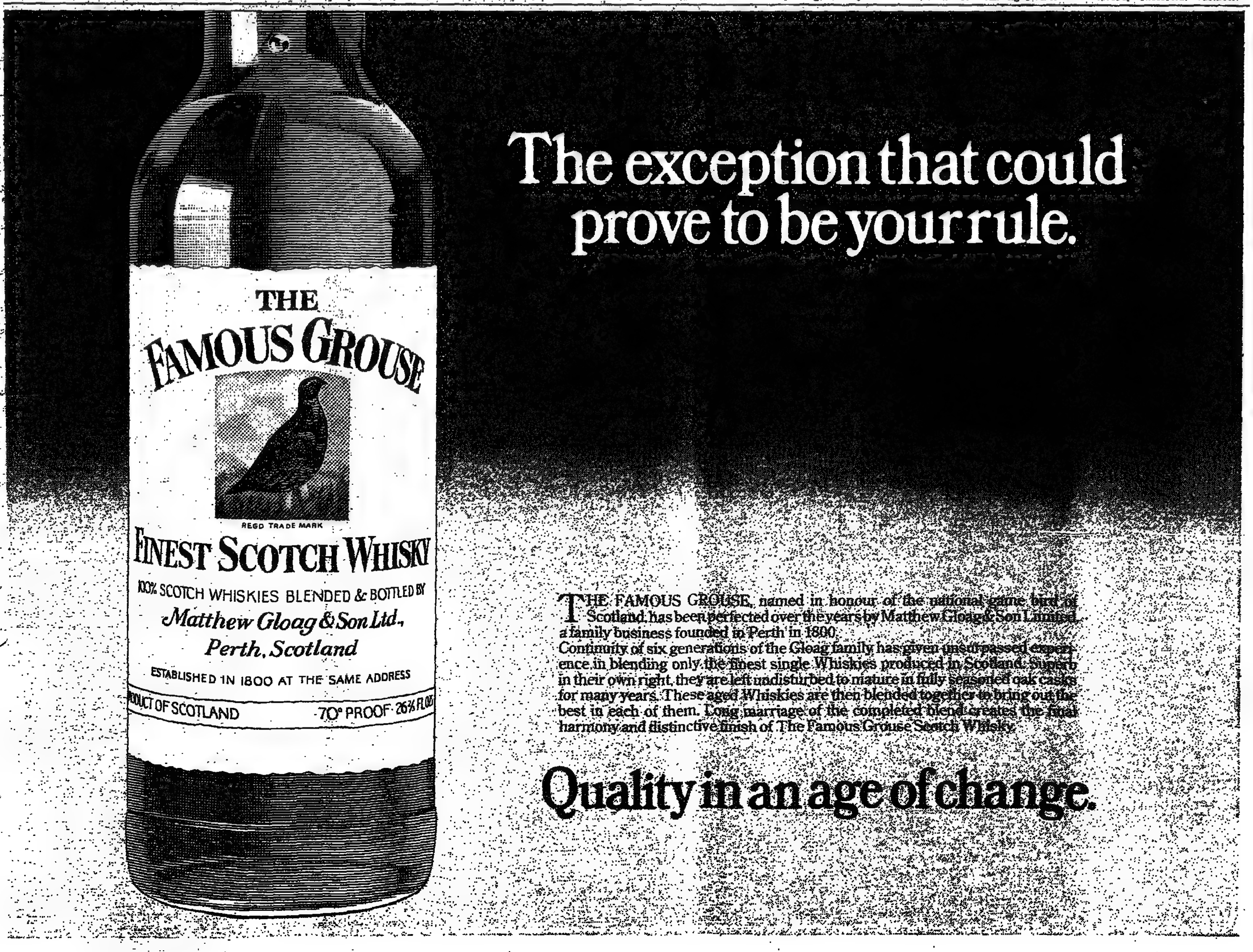
Severe cutbacks in production in 1975 and 1976 led to renewed suggestions that the industry was not laying down enough Scotch to cope with expected demand in the 1980s.

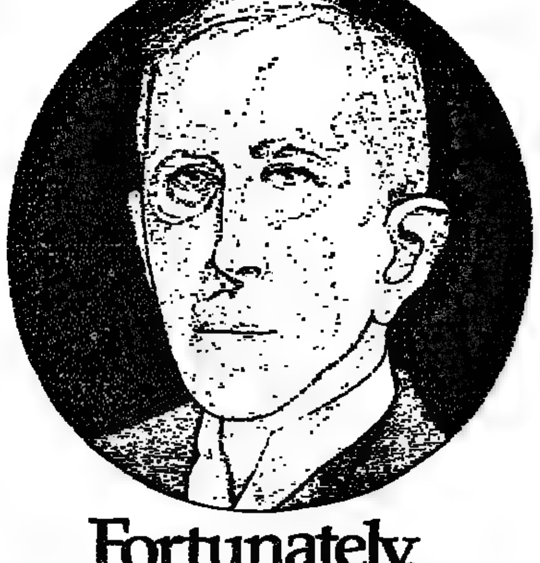
Reversed

Significantly the tide was reversed as soon as Distillers Company, with its tremendous influence on the industry, decided to lift production again. Industry-wide output of Scotch was up by nearly 16 per cent in the first half of 1978 compared with the same period last year, to just under 88m gallons.

And Distillers continues to insist "we believe we have adequate cover to ensure full and free supply of all our brands in the years ahead."

Just what that demand will be is a matter for conjecture. Nearly everyone in the industry agrees the annual growth rate will certainly drop from the 8-10 per cent rate experienced until the oil crisis changed the industrial world's expectations. But many commentators would go for a 6 per cent a year growth, one many other industries would love to match and one which should satisfy this long-established and already successful business.





Fortunately, his spirit lives on.

Only James Buchanan, regarded by many as the father of Scotch Whisky, could have composed a blend of fine whiskies so smooth and satisfying as to win the century-long devotion of his entire house.

The Buchanan Blend is now being introduced to the public in the belief that discerning whisky drinkers everywhere will appreciate its rounded excellence.

You may have to look for it, because supplies may be limited at first, but you'll find it well worth the trouble.

The Buchanan Blend
THE SCOTCH OF A LIFETIME

For an informative leaflet on The Buchanan Blend, send a postcard to Dept. FTS, 6th Floor, 1 Oxendon Street, London SW1Y 4EG.

Stocks may fall short

PRODUCTION OF new whisky is rising again — and rising strongly. In the first six months of this year it reached 87.8m proof gallons compared to 75.7m for the corresponding half of 1977. But there are a number of reasons for being cautious about whether the industry has fully recovered from the crisis of 1974-75 or whether the sharp fall in output over the last three years may not have a dramatic effect on the supply of whisky in years to come.

The peak production of new Scotch in 1974 marked the top of a very steeply climbing graph. Production, already over 180m gallons in the previous year, went up again to 183.5m and optimism in the industry was strong.

No one could foresee the dramatic rise in oil prices imposed by the OPEC countries or the multiple blows it would deal the whisky industry. But the distillers' reactions were swift and decisive and production was cut back to the direct rise in the cost of fuel, high grain prices, record interest rates that made the financing of new stock building prohibitively expensive, and to the expectation that demand would be seriously affected.

The Distillers Company (DCL) which controls around half the capacity in the industry, cut back heavily from January 1, 1975. The actual reduction in output has never been quantified by the company, but analysts have estimated that it could have been as much as 25 to 30 per cent. Production across the industry for the year fell to 151m proof gallons and slumped again in 1976 to 139m.

Some improvement in home and export markets last year and a better financial climate encouraged a partial recovery and total output of new spirit in 1977 was back to about the 1975 level. In a mood of fresh optimism some producers were encouraged to bring new capacity on stream. One of the biggest was a £5m expansion by Long John International of its Strathclyde grain distillery which almost doubled its capacity to 10m gallons a year, making it one of the largest in Scotland.

Hopes received a further boost at the beginning of this year when DCL announced that it was to resume stockbuilding and the first half figures for the industry as a whole confirm that the growth is continuing.

A spirit safe being used to enable a stillman to decide on the "middle cut" of a distillation.

DCL has continued to progress with its £25m blending and bottling plant for Johnnie Walker at Shield Hall and has also initiated a significant expansion of its maturation warehousing on a 250-acre site at Bonnybridge in Stirlingshire.

But it should be remembered that even if the first half figure is repeated in the second half of this year, total new production for 1978 will still only be back to the 1973 level. And there are some special factors which could mean that it will not be repeated next year.

To some extent the boost in output this year indicates that distillers have been taking advantage of the good barley harvest of last year rather than building their stocks to match projected demand. The grain is of a very high quality and there is an incentive for producers to take advantage of high yields and prices similar to those obtaining in 1976 to build up their stocks relatively cheaply whatever their predictions for the future. This year's harvest could also be good, despite the persistent rain, but it is too soon to say what effect it will have on next year's production figures.

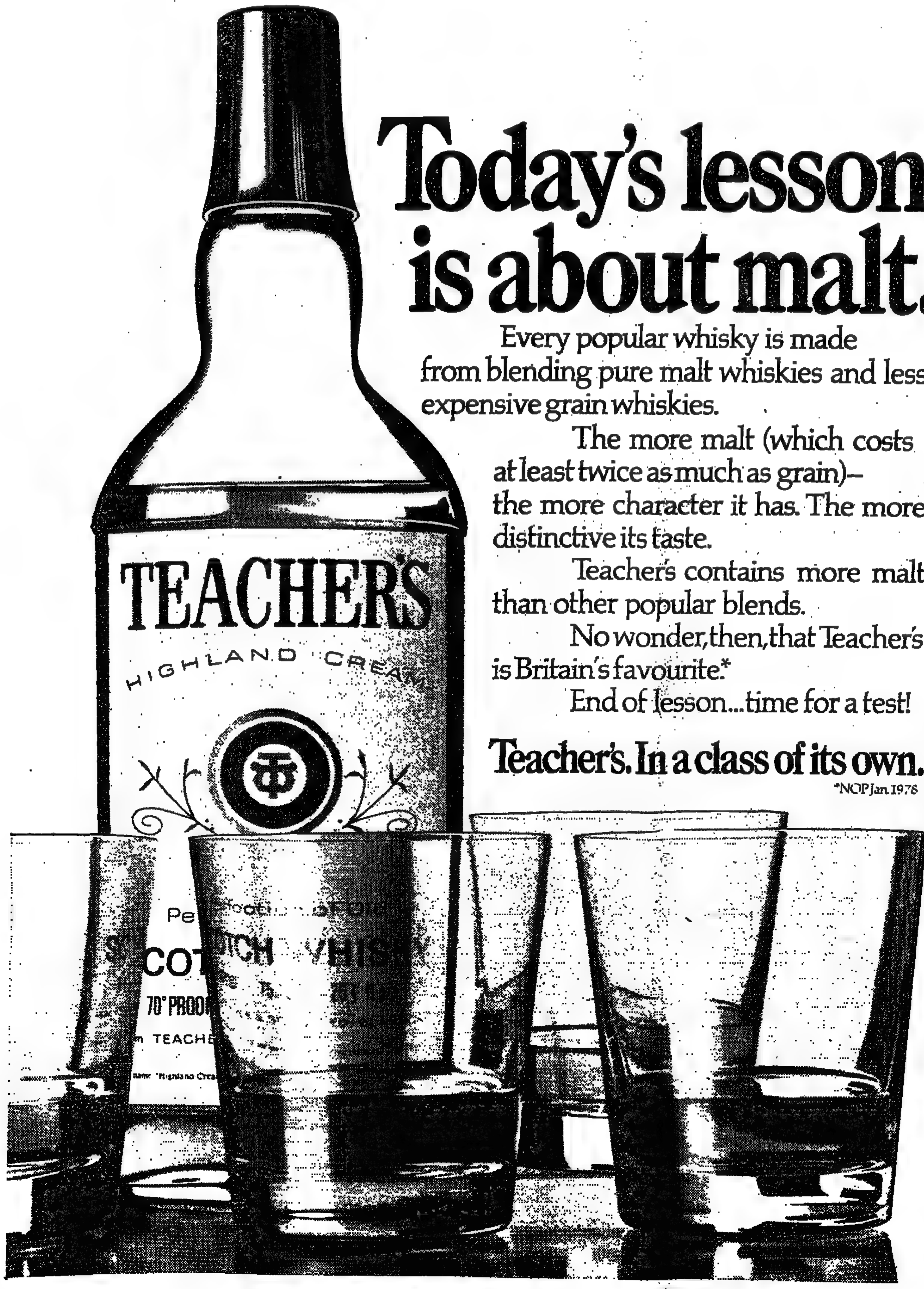
Similarly, it is still too early to say what effect the cutback in production over recent years will have on the availability of mature whiskies for blending in years to come. There have been several gloomy warnings that since new whisky is not used for at least three years and more often four years or more, the fall in production over the last three years could mean shortages in the early 1980s when demand is expected to rise strongly. Mr. Robin Cater, chairman of DCL, has recently repeated his assertion that his company is not in this position; its stocks are sufficient to projected demand.

Indeed, one would expec[t] a producer the size of would have much flexibility than the sm[aller] manufacturers. There ar[e] fixed formulas for prod[ucing] particular brand tastes an[d] blender's art is to be able t[o] whiskies of different types ages according to their ability and still produce S[cotch] of a consistent character.

It may be that DCL wi[th] huge stocks has a suff[icient] range to make substit[utes] possible for whiskies in supply. But for the rest o[f the] industry the warnings been dire. In an authori[tative] report last year Mr. J Riddell of Inverg[ordon] Distillers suggested that a of under production th[rough] which the industry was m[oving] could not be justified by hi[gh] growth rates in consum[ption] and, particularly, that ther[e was] still no hard evidence that growth rates in world w[hisky] sales had been signifi[cantly] reduced.

His analysis attempted t[o] account of the stocks of wh[isky] of different ages availabl[e] to match them with ex[pected] demand for different products. On the basis continuing demand grow[th of] 8.5 per cent he conclude[d] there was insufficient w[hisky] being produced. Moreove[r the] report also claimed that c[urrent] output levels were inade[quate] even if growth fell back per cent per year.

Ray Per[...]



Today's lesson is about malt.

Every popular whisky is made from blending pure malt whiskies and less expensive grain whiskies.

The more malt (which costs at least twice as much as grain)– the more character it has. The more distinctive its taste.

Teacher's contains more malt than other popular blends.

No wonder, then, that Teacher's is Britain's favourite.*

End of lesson...time for a test!

Teacher's. In a class of its own.

*NOP Jan. 1978

Slower growth in the U.S.

ONE OF the enduring images of America that comes over in a myriad of Western films is of a hard-living, hard-drinking populace ever eager for a glass of whisky — frequently sent scudding along the top of the bar by some sneering enemy.

The descendants of those rot-gut addicts, however, are showing less inclination to conform to such national stereotyping, to the considerable concern of the purveyors of today's somewhat less harmful spirits. Analysts of the U.S. whisky market are driven to the conclusion that a major factor behind sluggish overall growth rates in the market in recent years is life-style. Younger people are turning away from drinking spirits for a variety of reasons. Fortunately for the big league producers, like Canadian-owned Seagram, the leader, and Britain's Distillers Company (DCL), which has pushed up its U.S. market share from 38 to 40 per cent in the last three or so years, sales of premium whiskies look like increasing annually at a fair 5 or 6 per cent.

Even without a swing away from drinking the way their fathers and grandfathers did, Americans have had some economic reasons for not continuing increasing whisky consumption on the heady scale of the 1950s and 1960s. The rate of increase in consumer spending has come right back, and whisky has long been around the top of the price lists.

Pricey

A recent survey, for instance, noted that a standard (quart) bottle of good Scotch in New York can come out ahead of all other drinks at $9, pipping the $8.75 for the best Canadian whisky, which is one variety doing really well at present. Glass for glass, whisky is a notably pricey proposition: again in New York, $1.50 for a whisky, against $1 for increasingly popular wine.

The battles ahead for the whisky producers are going to be hard, but observers like Wood Mackenzie, the Scottish stockbrokers who compile admirably thorough statistics and projections on what is easily the world's biggest whisky market, think significant changes in the approach to the business in the U.S. will flow from the new top men at Seagram, where ex-Colgate Palmolive man Philip Beekman has become president, and DCL, now chaired by Robin Cater. Crucially, both seem to Wood Mackenzie happy to ignore tradition and go for profit rather than volume growth.

To understand Scotch's place in the U.S. drinks scene, it is necessary to examine the trends in spirits generally. In the 1950s and 1960s, little seemed to check the increase in liquor consumption. As consumer spending growth started to falter after the traumas of 1973, spirits suffered severely. Demand in 1975 was up only 1.4 per cent. Then in 1976 came the hardest time of all, with only 0.6 per cent growth.

The coming to purchasing power of the post-war "bulge" babies means a younger profile for the mass of consumers, and this apparently bullish point for Scotch and other spirit makers should have been combined with two other aids to more drinking: lower legal age limits in some states and extreme retail price stability.

On the latter point, whisky prices, although high against other varieties of drink as shown above, have suffered little by way of increasing tax burdens. Taxes, federal and state, make up between 55 and 60 per cent. of the price per bottle, but federal taxes have been unchanged since 1951, and State dues, 62 cents on average in the early 1970s, have only inflated to 66 cents.

Extreme competition has been another key price dampener. In a society that wanted to go on treasuring its spirits, the above factors should have made volume boom, but then one comes back to the vagaries of public taste. Americans *en masse* are less concerned, it would appear, with keeping up images of toughness; drunkenness is less and less acceptable in a country which seems more inclined to be lenient with those who choose to turn to soft drugs; and wine, particularly white wine, is enjoying great popularity.

Wood Mackenzie dwells, in its latest report, on the phenomenon of consumer preference for "lightness," reporting that there is much dispute in the U.S. drinks trade on what lightness really means, whether colour, taste or alcoholic content. But the impact is undeniable. Scotch suffers, but wine and "relatively tasteless" light spirits like vodka and white rum benefit.

The key details of this preference-switching are that non-whisky spirits went up from 38 per cent of spirits sales in 1972 to 48 per cent in 1977. Domestic U.S. whiskies have done very badly, with the annual decline since the early 1970s put at 5 per cent annually. Imported whiskies have held their share, but much of that strength is down to the popularity of Canadian brands.

Wood Mackenzie has stuck its forecasting neck out and reckoned that Scotch sales all will grow by only 1 per cent a year into 1980s. The outlook for scotches is reckoned a sector of the marke[t] untroubled by pri[ce] relatively free of th[e] back and forth of fa[shion in] consumption. Five or 6 annual growth in de[mand is] seen for Johnnie Walk[er] and Haig Pinch, DC[L's] selling premium lines respectively second a[nd] among the most pop[ular pre]mium brands. The to[p] Seagram's Chivas Reg[al].

Lagged

Price rises for whis[ky have] lagged well behind rises—between 1967 increases averaged or cent, a quarter of p[rice] all—but Seagram an[d] now showing more tion to preserve mar[gins] siderable gains did fi[rst dis]tillers thanks to movements, though such benefits no lon[ger] But at the beginni[ng of the] year, the group through price incre[ases] per cent on standa[rd] and 12 per cent on d[e luxe] with similar change prices a few months

On standard branc[ds] analysts look for a steady erosion of thei[r] Wood Mackenzie is k[een] the chances for Gran[d Metro]politan's J and B R[are] DCL's Johnnie Walk[er] than those for Highl[and Dis]tillers' and Berry B[ros. and] Rudd's Cutty Sark an[d] Dewar's label.

Seagram, so domina[nt in] the market place, h[as been] going for 5 or 6 per ce[nt] rises this financial year, Beekman talks about new drink products to gaps created by slipping sales. For Scotch, t[he] Seagram policy of go[ing for] added income—some back a $40m advertisi[ng and] promotion campaign fo[r] whisky brands—should reflected benefits for producers. They are have to live, however, in which, influenced to large measure by w[hat is] happening in North A[merica] will only be raising de[mand for] their brands by 4 or 5 annually for the next fe[w years].

Nicholas

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EEC rules create confusion

LAWYERS, one of them ...uxembourg and three ...rance, played no small ... the events leading up ...urrent state of extreme ...n in the UK Scotch market.

... made up the team at ...uropean Commission's ...tion department, which ...ast December that the ...cing system operated by ...s Company was unlaw... ...ie system involved Dis... ...harging one price for ...to be sold in the UK ...igher one if the British ...r intended to resell it ...ere else in Europe.

...ers' immediate reaction ... withdraw Johnnie Red Label from the UK and price two other big Black and White and ... out of the running by ...0p a bottle to the price. ...eft about 20 per cent ...arket up for grabs. And, ...K market is second only ...J.S. in the world in its ...r Scotch, the rewards ... successful are mouth... At least 150m bottles ...tch, worth at a rough ...300m at retail prices, ... in the UK each year.

...igh the first time most ...vere aware of the prob... ...tween the Distillers ...d the EEC Commission ...ore last Christmas, the ...ty of a major battle had ...sent since the 1975 UK ... Market membership ...um.

... that time Distillers had ...ight grip on the export ...Scotch whisky brands. ...der EEC competition ... was obliged from that ... on to permit an ... — or "parallel"— ...market to develop, at ... Common Market ter...

...ber

... time Britain decided ... for all to stay a mem... ...e Community, the UK ...d the export price for ...vere well out of line, ... unofficial exporters— ...ers "—could buy ...n the UK and ship it ...Continent, where they ...ither take the extra ... sell at prices cut far ...ything offered by Dis... ...cal sole distributors.

...ngered the distributors ...ied Distillers. Like all ...ch whisky exporters, ... hates the idea that it might lose its sole distributors or have to dispose of their services. The main consideration is that the sole distributor has a long-term interest in the brand he is selling. He is not likely to do anything which might damage its image and prospects, unlike the paralleler, who is usually looking for a quick profit.

Distillers' chairman Mr. Robin Cater explained recently that "from the earliest days in the development of the sale of Scotch whisky in export markets of the world, each brand-owning company has appointed a sole distributor in individual markets.

"The distributor is given an exclusive right to purchase the company's brand and in return undertakes the obligation to promote, by his own efforts and at his own expense, the long-term success of the brand in his territory. Scotch whisky is exported to some 180 countries, in which the problems of competition, distribution, discriminatory legislation and taxation vary enormously, and no brand owner could compete effectively in all of these diverse markets other than by coming to an agreement with a local distributor which offers that distributor the necessary incentives to fulfill his obligations.

"The sole distributor system has, from the outset, played a vital and totally essential part in the success of the export endeavours of the Scotch whisky industry. Disband it, or allow it to become so unattractive to the distributor that he no longer wishes to continue to represent a brand, and it is inevitable that the brand will disappear from important segments of the markets, to the ultimate and serious detriment of Scotch whisky world sales."

In June, 1975, Distillers came up with a scheme designed to satisfy EEC Competitions laws and yet protect its sole distributors. It began to charge UK wholesalers one price if they intended to sell the Scotch in Britain and a higher price if they intended to export it to Europe. (There is still a Distillers' ban on exports by the unofficial channels to countries outside the EEC.)

The differential was roughly £6 a case of 12 bottles or 50p a bottle, representing the extra cost of marketing Scotch in the overseas markets, according to Distillers.

This is the dual price system the Commission ruled was unlawful.

That EEC decision is to be contested by Distillers at the European Court of Justice. But, as Mr. Cater pointed out, the ruling last December called for immediate implementation.

"Because Johnnie Walker Red Label is the leading brand in world export markets and the prime target for parallel exporters, who were so easily able to capitalise on the wide consumer demand built up by the promotional efforts of its sole distributors, we judged that Walker would have been flooded with orders on the day following the announcement. We could not increase the price overnight because of UK prices legislation and we were unwilling to leave Red Label to be exploited by others to the longer-term detriment of the brand. We accordingly withdrew Red Label from sale in the home market as the only acceptable choice open to us in the changed circumstances.

"We sought and obtained protective price increases for certain other brands and, while that action, designed solely to protect the export viability of the brands must virtually price them out of the home market, it is important to stress that there remained available large numbers of group brands at unchanged prices."

Support

In fact, Distillers has by no means "upted out" of the home market. Much more support and promotional weight is being put behind Haig, a brand that already has a 13 per cent share of the market, compared with Red Label's 15 per cent. Among other things, Haig has been allocated £900,000 for this "push."

Distillers has also launched new brands for its existing marketing and sales forces to support. John Barr has been brought in by the John Walker business, and from Buchanan Booth Agencies, which handles Black and White, comes the Buchanan Blend.

Among other changes inspired by the sudden vacuum created by Distillers' decision, Seagrams, the Canadian-owned concern which is the world's biggest liquor group, carefully chose its timing to kill-off the former 100 Pipers and, in all but one super-market chain, its Passport brands. Instead, Seagram is offering an up-market brand called the Original Hundred Pipers.

Significantly it is the brands which managed to maintain a higher retail price which have come out at the top of the Scotch whisky sales league table in the UK. Bell's and Teacher's always took great care to be priced at least 10p above rival, standard brands. Today Bell's is probably the best-selling Scotch in Britain, with a possible 22 per cent market share, and Teacher's, now owned by Allied Breweries, with 16 per cent, is ahead of Haig. After Haig there is a big gap before Grant's Standfast and White Horse, with 5 to 7 per cent each.

Poised

However, Grant's is extremely well poised to get the maximum advantage out of the changes. It is marketed in the UK by a company jointly owned by Bass Charrington, Allied Breweries and Whitbread (with 30 per cent each) and Wm. Grant, the privately-controlled brand owner (10 per cent). The brand is now getting much more support from Bass, which has 9,000 pubs, since Bass dropped the agency for Vat 69 when the price went up. It has also replaced Vat 69 as the main pouring brand in the Greenall Whitley pubs, of which there are 1,500.

Highland Queen, the Macdonald Martin Distilleries brand, also seems to be among the immediate winners. Bass has taken on the agency, and Highland Queen is the only scotch the brewer will offer to its substantial number of "free" trade customers (those outlets not owned by another brewer) in England and Wales. So Highland Queen will also take up some of the slack left by Vat 69's departure.

On the other hand, the potential "losers" must include J & B Rare, which had its UK price increased to protect it from potential damage by parallelers, particularly in the U.S., where it is among the top three brands of Scotch. J & B is ultimately owned by the Grand Metropolitan Group.

And Queen Anne, owned by Glenlivet Distillers, has been dropped by the Courage brewing group as a brand for the take-home trade while being retained as one of the "house" whiskies at the 3,800 Courage pubs. This must certainly have an adverse impact on the brand. In this case the change has as much to do with the takeover of Glenlivet by Seagram as Distillers' manoeuvres.

Confusion in the British market for Scotch will take some time to sort out, and there really is no point in looking for longer-term winners and losers for at least a couple of years.

Kenneth Gooding

NEDO report awaited

WITHIN THE next two months a sector working party at the National Economic Development Office will produce a report on the whisky industry. It has spent the last nine months studying some of the industry's problems and attempting to arrive at a consensus about its future.

Whatever views the working party has—and considering the multifarious interests of management, unions and Government representatives they must at the very least have raised the lid on a number of issues—it is adamantly refusing to reveal its accumulated opinions and data until the November full council meeting.

Given the state of the whisky industry over the last few years it is hardly likely to be a "bullish" report, however. Three big issues have undoubtedly been studied in detail by the working party. The first is the trade barriers which have long had major producers chomping at the bit. There are over 300 international restrictions—special licences, quotas and other legislative enforcements which are regarded by the industry as "penalties of success."

The second issue is the European Commission investigation into Scotch whisky companies which goes beyond the first target, Distillers Company. The Commission accused DCL of breaking Community rules with pricing policies and the company is now fighting the case.

The third that NEDO has put under the microscope is the shipment of bulk malt whisky to countries like Japan. Bulk or vatted, malt is different from any other type of whisky, including bulk blends. Unlike the bulk blends which require no further processing at the country of destination other than dilution, bottling and casing, bulk malt is not intended for drinking as it is but is mixed with local spirit, sometimes with local malts. It gives a distinctive tasting end-product, an imitation Scotch whisky as some Scots accuse.

The question facing NEDO is whether it is in the industry's—or the country's—interest to continue shipments.

It has become a "hot potato" for the Government. With an election creeping into closer view, Labour is particularly eager to be seen in a benevolent light in Scotland. There has been a steady flow of protest—increasingly vocal in the past year or two—from sectors within the industry, trades unionists in particular, demanding a ban on malt shipments.

One of the more vociferous groups is the Scotch Whisky Combine Committee which claims to represent employees in the Scotch whisky and associated industries. The committee wants bulk malt shipments banned because it believes this trade will affect the long-term future of the industry and subsequently cost jobs in Scotland.

If the working party—headed by Mr. Jasper Grinling of International Distillers and Vintners and consisting of management, union and Government representatives—agrees with this view, or contends that a ban on exports would not benefit the long-term future of the industry, the Government would have to see what could be done — despite the immense technical problems involved in implementing such a ban.

The Government has recently hinted that a total ban on bulk malt shipments is somewhat unappealing. According to Mr. Gavin Strang, Parliamentary Secretary at the Ministry of Agriculture, it would rather opt for some kind of quota system. It was even argued—belatedly—that bulk malt should never have trickled abroad in the first place.

Refuses

The major producers are divided on the subject. There are some like Distillers which on principle refuses to export bulk malt for blending with local spirits. There are others like Seagram which say that bulk malt exports provide good trade and do not necessarily threaten the future of the industry.

With so many interests at stake one solution NEDO could offer is a phasing out of exports over a given period of time. That way employees would not lose their jobs (estimated to be little more than 600), the importers would have time to find viable alternatives and Scotch whisky would in all likelihood remain supreme.

In the first seven months of this year shipments of Scotch whisky topped 57.79m gallons worth £848.41m—up by 13 per cent in volume and 26 per cent in value on last year's figures. Bulk malts moved up by 12 per cent to 6.15m gallons.

Japan, Argentina and Brazil are the only significant importers of bulk malt, together importing just on 90 per cent of the total volume: Japan alone took 57 per cent. The remaining 10 per cent is exported to countries such as Spain and to the Carribean. Spain now presents a problem similar to that of Japan.

In the seven months to the end of July malt whisky shipped in bulk to give Spanish whisky that extra flavour advanced by 173 per cent to 670,000 gallons and by 187 per cent in value to £1.76m. It seems that Spain is now imitating the master imitators, the Japanese, by importing bulk malt to improve the taste of its up-market whiskies.

Rumours that Portugal is about to tap the Scotch malt whisky market must be an added worry for the opponents of bulk malt shipments. As a potential EEC member, Portugal could well provide competition for Scotch whisky on the home market.

There would be a number of losers if bulk malt were banned—importers would take the brunt. But Suntory, the leading Japanese whisky group which is probably the fifth largest drinks business in the world, claims it would lose little sleep if a ban were imposed.

It claims that if necessary, bulk malt from Scotland could be replaced from its own resources. This is not entirely true since the Japanese have so far had little success in producing a malt whisky which is anything like that from Scotland. In the past two years Suntory has doubled its malt whisky production capacity to about 14.5m gallons. Each bottle of Japanese whisky contains about 55 per cent Japanese grain and 45 per cent malt—and of the latter at least one-third is Scotch malt.

A number of Scotch producers claim that with Suntory's expansion the days are not many before it is successfully passing off Japanese whisky worldwide as a viable alternative to Scotch. Suntory has already tried in Australia, but Mr. Keizo Saji, president of Suntory, has denied that Scotch whisky would be threatened by their product.

"For example, even with our very best efforts we have so far not been very successful in the U.S.," Mr. Saji said during a recent visit to London, "and to be realistic, I don't expect we will be."

But producers have heeded other words of Mr. Saji—that Suntory's expansion outside Japan will be by acquisition. Suntory is growing. It is stepping into traditional Scotch whisky markets and as one producer said, "They are trying like hell to compete with Scotch whisky. If we don't ban bulk malt we will have to find some way to stop feeding our unique weaponry to our opponents. I just hope NEDO has the answer."

Colleen Toomey

...siege of Pondichery, 1793, the 72nd Seaforth's were pinned down by the French. ...he Piper was ordered to play a "Pibroch" (the symphony of bagpipe music). ...ner had the pipes started than the enemy fire slackened. Soon after, it ceased as the French crowded their battlements in amazement at the sound.

The Piper's Stone at Cromdale Hill. On this spot, in a battle against the Royalists in 1690, a brave piper played non-stop for hours to revive the flagging spirits of his comrades before he himself fell.

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Three pipers were awarded the Victoria Cross during the Great War.

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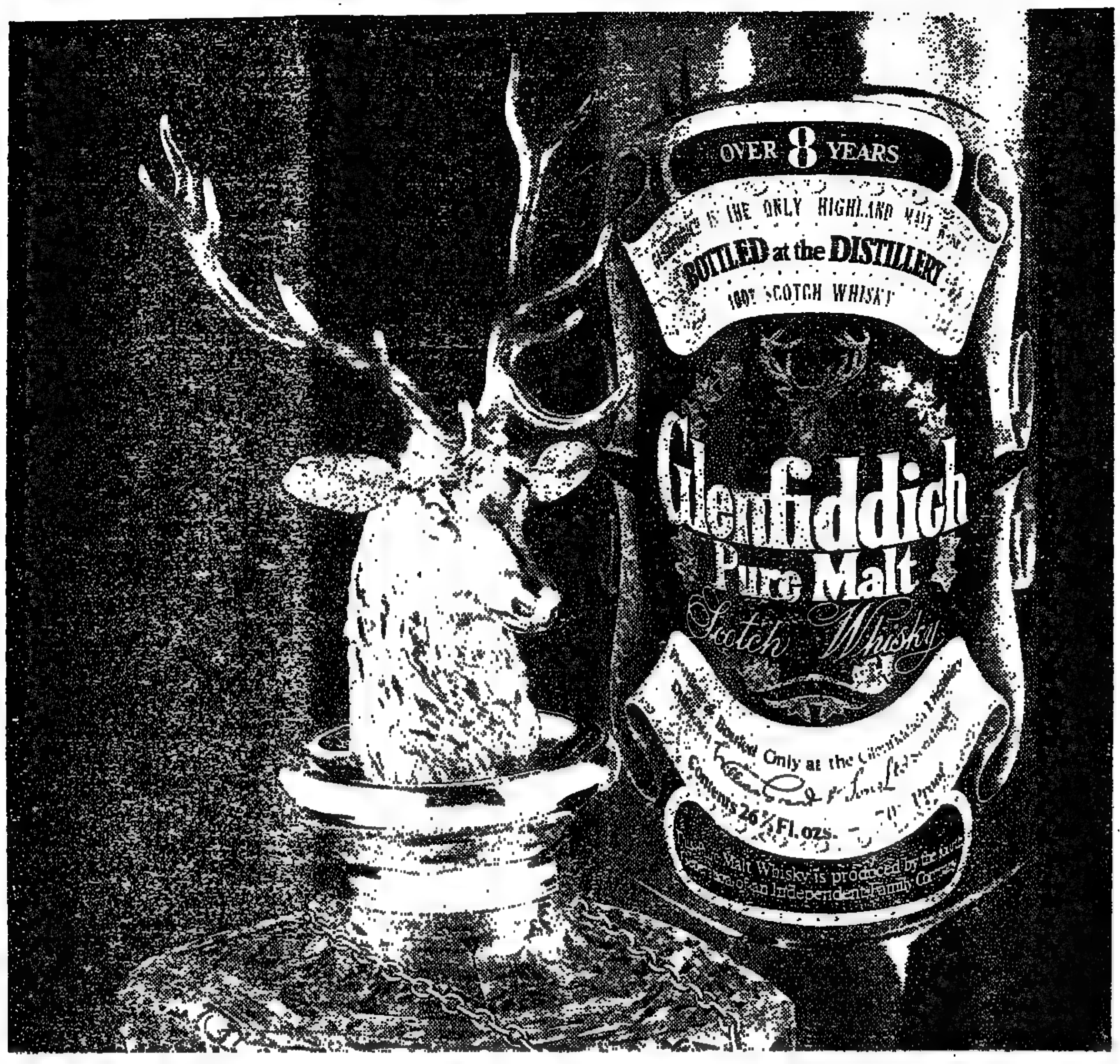

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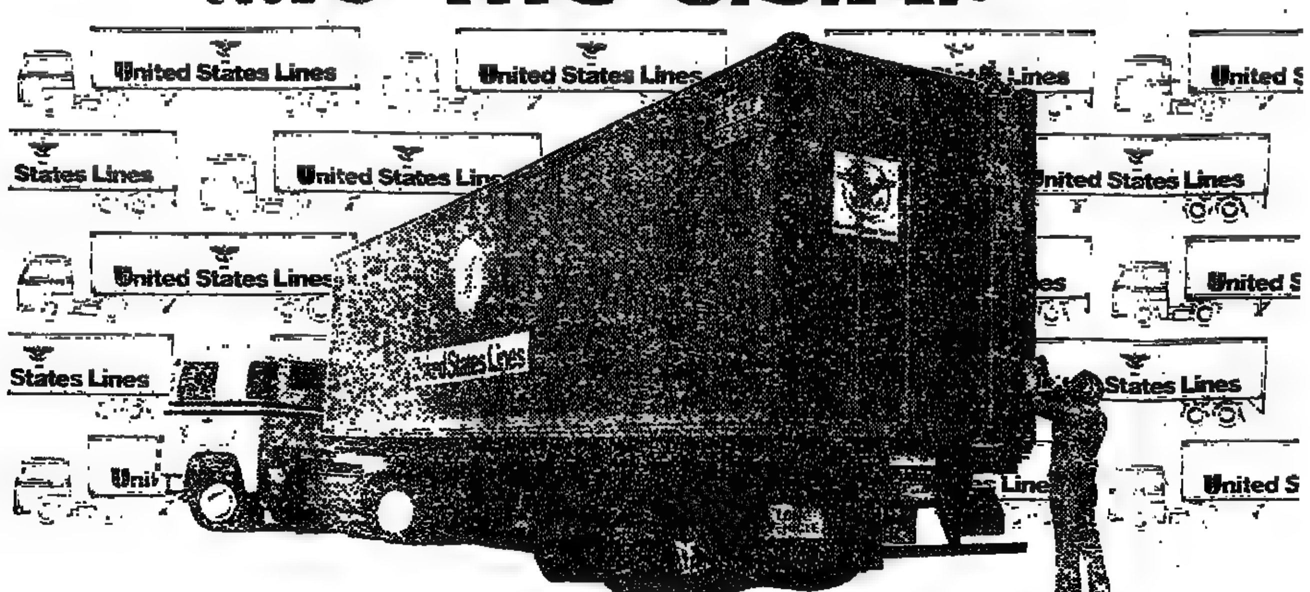

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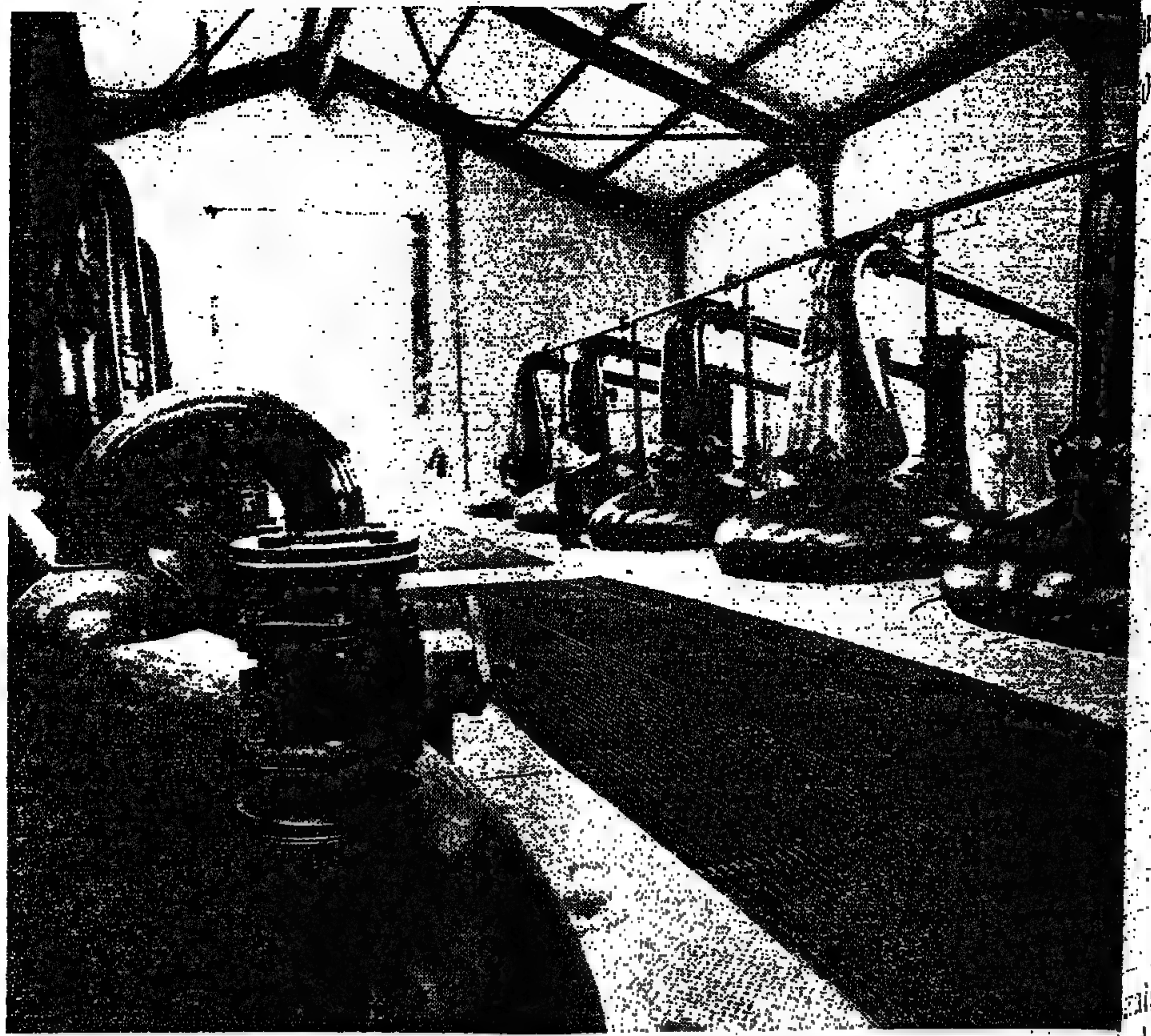

Rows of stills at the Glenfiddich distillery, Speyside. The number of stills has been doubled in a re[cent] expansion programme.

Prestige industry for Scotland

ASK MOST people about the benefits that the whisky industry brings to Scotland and they will immediately talk about the massive sums of duty raised on the sale of the product at home and the substantial balance of payments surplus earned by Scotch overseas.

But like the revenues from North Sea oil and even the corporation tax paid by the whisky companies these are benefits that accrue to the UK Treasury, not to Scotland directly. Determining how much of this money eventually finds its way north of the border is in the end an arbitrary exercise.

There are, however, some direct benefits which are easier to quantify. Scotch is a uniquely Scottish product — and is so by law. The 1969 Finance Act was the last legislative measure to spell out that: to be called Scotch a whisky must be distilled and matured in Scotland. It is virtually the only completely Scottish industry left — even the weaving of tartan and manufacture of haggis are now pirated abroad. So one substantial benefit that Scotland derives from the industry is publicity and prestige.

The making of Scotch is very much an export orientated activity (nearly 50m proof gallons out of a total of 80m made in the first six months of this year were sold abroad). And in those markets in which it does particularly well, notably the U.S., it is sold and consumed as a prestige product. It competes with locally-produced whiskies and is usually more expensive, but it sells because it is acknowledged to be superior.

Quality

There is little doubt that this image of a top quality product produced in Scotland reflects on other items made in the country and indeed on Scotland itself. Evidence of that is the increasing number of American and Japanese tourists insisting on a distillery visit as part of their holiday in Scotland.

The industry is also a substantial employer, providing directly 25,000 jobs and indirectly possibly another two or three times that number. By comparison with its volume of output it is not labour-intensive, and most of its employment is in peripheral activities like bottling, storage, and transport. The distilling itself is very much a minority occupation.

For example, the industry's largest group, the Distillers Company (DCL), employs only about 20,000 (compared with 40,000 in Allied Breweries, a group of roughly comparable size in the food and drinks industry) and of this number only about two-thirds are on the whisky side of the company's business. And of that 14,000 contingent, only around 4,000 are actually employed in distilleries.

Despite this relatively small number of jobs and somewhat lopsided profile, the industry has positive features which suit Scotland's demography very well. The biggest users of labour, the bottling halls (the largest each employ up to 1,000) are in the populous central belt of the country and provide much needed jobs, particularly for women.

The smaller users of labour, the distilleries, are scattered literally over the length and breadth of the country. There are more than 120, counting the grain distilleries in the central belt and the malt distilleries in the Lowlands, Highlands and Islands, each producing a distinctive product. There is no other manufacturing industry which is so decentralised and which provides so much direct and indirect employment in so many remote localities.

Islay, the extreme example, is only a medium-sized island and but for its eight distilleries would share with its neighbours the precarious existence that isolated communities lead. New and old, the distilleries are completely compatible with its character and have made its economy prosperous and secure.

Nearby Jura has one distillery, as does Skye, and Orkney has two. On the mainland the Speyside towns and villages owe their relatively comfortable existence to the dozens of distilleries in the area, and more remote towns such as Tain, Brora and Wick are equally thankful for their employment from whisky.

However, the imbalance of employment between bottling and primary production has highlighted one of the biggest controversies in the industry—the question whether whisky should be allowed to be exported in bulk. The subject is a sensitive one and since the attitudes of individual companies differ radically it is one which the Scotch Whisky Association cannot easily discuss in public.

On the one hand are those companies, notably DCL, which refuse to countenance the export of whisky in any container other than a bottle. They have the support of the trade unions, both at official level through the Scottish TUC and the General and Municipal Workers Union, which is strong in bottling halls, and at unofficial level through the shop stewards combined committee.

The argument is two-fold: first, that exporting in bulk deprives Scottish workers of jobs in bottling and, secondly, that by exporting superior Scottish spirit — particularly high quality malts—foreign competitors are helped to produce a product which is taking sales from Scotch in important growing markets.

Japanese companies have largely abandoned their attempts to produce a top quality whisky entirely from locally made spirit and blend their own grain whisky with imported Scotch to make brands which are doing well in Third World countries and are being launched in the U.S.

On the other hand, are those companies such as Glenlivet, Seagrams and some independent distillers like Tomatin which argue that export in bulk can actually create jobs since it is not a mere substitute for bottled exporting but a different trade. Unions have claimed the total number of jobs lost at 6,000, but a report a year ago from Economic Associates put the figures much lower, at between 600 and 1,400, and estimated that bulk sales overseas earned £19m a year. This is a conflict that will not easily be resolved, but so far at least the Government has shown no sign that it intends to bow to the lobby of the unions and prohibit bulk sales abroad.

There are other aspects about the employment benefits of the industry which are important. Although many whisky companies find it necessary to maintain a London office, their headquarters remain in Scotland—DCL and Glenlivet in Edinburgh, Teachers and Highland Distilleries in Glasgow, Seagrams in Paisley, Bells in Perth.

The concentration of so much white collar, and particularly executive, employment involved is in marked contrast to the general pattern of the Scottish industry, which i[s] characterised—not unfai[rly] a branch factory econom[y].

Indirectly the industr[y] contributes to the nation[...] through employment i[n] and rail transport, at (particularly on the[...] where the port authorit[y] new container depot [...] very largely with whisk[y] ments) and in other trad[es] as construction. Since [...] there has been a big ex[pansion] of capacity leading to major building proje[cts] extending or building n[ew dis]tilleries, bottling and b[lending] halls and warehouse[s for] maturation.

The growth in sales [...] its impact on lesser in[dustries] which make, for exam[ple] cardboard cases Scotch [...] ped in, print the label[s] the caps and make the [...] The spin-off is in som[e cases] substantial, as United [...] new plant at Alloa an[d] ware's recently built fa[...] Irvine testify.

Ray P[...]

people undo all our good work

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FARMING AND RAW MATERIALS

Copper market setback as Peru resumes shipments

BY JOHN EDWARDS, COMMODITIES EDITOR

NEWS THAT the Southern Peru Copper Corporation has resumed shipments of blister copper, after the end of the Peruvian miners' strike, triggered a fall in copper prices yesterday. Cash wirebars closed £7 down at £739.75 a tonne and moved lower still on the late kerb and after-hours trading.

Southern Peru declared *force majeure* on August 18 because of the strike at its Ilo smelter, but an official said they had now been producing blister for over a week.

A setback in New York overnight accelerated speculative profit-taking after the recent fairly steady rise.

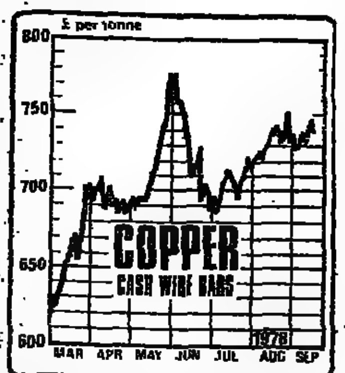
The lack of fresh news has reduced speculative interest and trade demand also seemed to have slowed down.

The fall in warehouse stocks last week of 5,125 tonnes to 430,500 tonnes was smaller than expected. This also affected market sentiment. In the circumstances, the Inco strike was virtually ignored, since it has already been discounted.

Tin prices were also lower on the Metal Exchange yesterday, despite a rise in the Penang market overnight from $M1,895 to $M1,910 a picul.

A surprising feature was that the cash price of standard grade tin fell by £100 to £7,185 a tonne, while the three months quotation lost only £50 to £6,995.

The unexpectedly large fall in tin stocks last week took total



holdings in the London Metal Exchange warehouses at 1,515 tonnes to the lowest since the 1960s.

There is less prospect of new supplies coming from Penang, since offerings are sharply down there because of the Malaysian Mining Corporation's decision to handle the marketing of its own tin from August 1 and not sell through the smelters.

The Malaysian Mining Corporation has confirmed that it made an exclusive co-operation deal for marketing its tin with Anglo Chemical and Ore, a prominent ring-dealing company on the London Metal Exchange and a subsidiary of the giant Anglo American group.

MMC produces between 14,000 and 15,000 tonnes of tin annually. Total Malaysian production last year was just over 58,000 tonnes.

● A brief from 12 leading U.S. copper producers maintains that the International Trade Commission's recommendation for copper quotas is in the national economic interest and crucial to the industry's survival, Reuter reported from Washington.

After the commission last month recommended a 300,000 short ton annual quota on refined imported copper for five years, the Trade Policy Staff Committee—an inter-agency group—asked for comment on what action President Carter should take.

The committee, led by the office of the U.S. special trade representative, must now prepare a report on the impact of copper quotas and on its recommendations—expected in early October.

President Carter has until October 22 to decide whether to grant relief to the U.S. copper industry, and what form any relief should take.

In London yesterday Mr. Fred Baerwald, chairman of the New York Copper Market (Comex), said that since Kennecott, and Anaconda, had abandoned the producer price system, trade interest in Comex had increased considerably.

With the increased turnover in the gold futures market, turnover on Comex this year is expected to rise to 6m contracts, with a paper value of more than $100bn, compared with the record 5m contracts last year.

Sharp fall in cocoa prices

By Richard Mooney

COCOA PRICES fell sharply on the London futures market yesterday wiping out Monday's rise. The December position, which rose £52 on Monday, registered a £40 permissible limit fall during the afternoon before ending the day £60.5 lower at £1,980.5 a tonne.

Dealers attributed the fall mainly to the latest market report published yesterday by Gill and Duffus, the London trade house, which, though painting a "distinctly pessimistic" picture of 1978-79 crop prospects, drew attention to the continuing short-term supply surplus.

There is as yet no sign of any significant increase in buying interest to match the excess supply, the dealers added.

A summary issued by Conti-Commodities yesterday said: "A surplus of cocoa still has to be taken from the market before the full potential of this bull market can be realised and it is generally thought that this will not take place until well into the new year.

In Accra meanwhile the Ghana Cocoa Marketing Board announced that purchases of 1978 mid-crop cocoa for the week ended September 14 (the 15th week of the present purchasing season) amounted to 54 tonnes, bringing the cumulative total to 7,996 tonnes.

Climate damps down UK beverage sales

BY CHRISTOPHER PARKES

THE DAMP, chilly summer of 1977 and a series of soaring price increases in some sectors had a dramatic impact on the average Briton's intake of beverages last year.

The Ministry of Agriculture's latest issue of Food Facts, a periodical survey of national eating habits which contains a full review of 1977, shows marked reductions in the intake of tea, coffee, cocoa, milk, beer, wine and spirits last year. The consumption of fruit juice alone remained at 1976 levels.

Average beer drinking fell 2 pints a head, wine consumption was down almost half a bottle and the intake of spirits fell from 2.9 to 2.5 proof litres.

While the hot, dry and exceptionally thirsty summer of 1976 may make comparisons with last year difficult, the influence of price increases on the "hot drinks" market is plain to see.

As the price of tea soared to record levels—from 10½p a quarter in mid-August 1976 to more than three times that in early 1977—so consumption slumped.

The average consumption per head during 1977 fell from 8 lb to 7.1 lb (a reduction, according to Brooke Bond equal to around 200 cups of tea per person), and the lowest level since the war.

Coffee sales were also badly hit by the price spiral with consumption dropping 0.7 lb to 3.8 lb a head—the lowest since 1968.

Cocoa powder use fell by a third to less than 8 oz per person.

Brooke Bond commented that the tea figures were probably distorted by a bout of hoarding at the end of 1976 when consumers were alarmed by reports that tea prices might rise as high as 40p a quarter. As a result, the company said, sales in the early part of 1977 were badly affected.

Liquid milk sales were affected by the decline in coffee, cocoa and tea consumption and annual sales dropped by about 15 pints a head. A stable market for breakfast cereals helped prevent a bigger fall in intake of milk.

Butter sales, too, were down sharply. After three years of relative stability, consumption slipped in 1977 to 17 lb a head from 18.25 lb in 1976.

Margarine makers apparently failed to step into the breach and consumption of their products was unchanged at 12 lb a head.

Cheese also put up a disappointing performance. In spite of stable prices consumption slipped back to 12 lb from 13.4 lb in 1976.

Potato sellers made up some of the ground lost during the 1976 drought. Supplies were more plentiful last year and as prices fell sales advanced to 212 lb a head from the 187 lb low plumbed a year earlier.

The Potato Marketing Board claimed yesterday that sales so far this year are showing "a considerable improvement" over last. Consumption during 1975—the last normal marketing season on record—was 252 lb a head.

And while potato sales made up some lost ground, consumption of "substitute" products—rice for example—continued at relatively high levels.

When potato prices escalated in 1976 consumers switched to products such as rice, sales of which increased from 3.3 lb a head in 1975 to more than 4.5 lb. This level was maintained last year in spite of the resurgence of the potato.

THERE WAS a further rise during August in the amount of milk sold off farms in England and Wales, the Milk Marketing Board reports. Sales were 5.2 per cent higher than during August last year at 1bn litres.

The amount sent for manufacturing into butter and cheese rose 13 per cent, but sales of liquid milk for drinking appear to have retained some of the new-found stability and fell only 0.8 per cent.

Between September, 1977, and August, 1978, liquid sales have fallen 2.3 per cent and the amount going for manufacture has risen 17.6 per cent.

...ard buys ...rplus ...tatoes

...Commodities Staff

... FARMERS have ... sell more than 700,000 ... potatoes to the Potato ... Board under the ...ent-sponsored support ...rogramme.

...bout 500,000 tonnes of ...ing will be taken up, ...and contracts should be ...way to growers later this ...

...sion on how the tonnage ...hands will be disposed ...expected until later in ... when the harvest is ... final yields and ... human consumption ... estimated.

...otato Board said yester... had reduced its first ... of the extent of this ...urplus from 500,000 to ...onnes.

...are heavy but consump... picking up again after ...re reduction in 1976 ...ces hit record levels.

...bout 6,000 growers out of ...3,000 in the country ... to the Board's invita... sell surplus potatoes ...re initially entitled to ... 10 per cent of their ... since this would total ...000 tonnes the Board ... its total purchases up ...0 tonnes from supple... offerings from the ...who replied.

...s sold to the Board will ...erved and may be ...n to the human market ... for animal feed, to ...s, or allowed to rot.

...ish grain ... record ...cast

AARHUS, Sept. 19.

...ANISH State Plant ...n Bureau has forecast ... grain crop of 7.5m ...his year despite con... losses due to storms at ...me, reports Reuter.

...est bi-weekly report, ...n data collected on ...r 15, said bad weather ...ce its original forecast ... of 7.6m tonnes, but ...present forecast is still ...cent higher than the ...op of 1977.

...nated 75 per cent of ...as been harvested with ...osses of 20-30 per cent ... storms and hail in the ...weeks.

... the main crop, is ... to reach the normal ...lle winter wheat, and ...d be 2 per cent and 3 ... above normal respec...

...k's total area under ...is year was 1.8m ... the same as in 1977.

'Crazy' to cut EEC sugar output

THE EUROPEAN Community would be "crazy" if it took the advice of the British food industry and reduced sugar production in the EEC by 1m tonnes, Mr. John Beckett, chief executive of the British Sugar Corporation, said yesterday.

In a fierce rebuttal of the arguments put forward last week by the Food Manufacturers' Federation and the Cocoa, Chocolate and Confectionery Alliance, Mr. Beckett said he wanted to "correct some of the misstatments being put around."

He said that the impression had been given that Britain was living in a world where there was a continuing abundance of cheap sugar ready to flow into the country.

That was one of the most worrying myths. World production and consumption of sugar were now closely balanced, he said, and demand was expected to rise, especially in the developing world.

In 1976-77 global consumption of sugar was 83m tonnes against production of 87m tonnes. Last year production was 92m tonnes and consumption 86m tonnes. This year, Mr. Beckett claimed, production was likely to be only 90m tonnes while consumption was expected to rise to about 89m.

The World Bank expected demand to rise to 102m to 108m tonnes by 1985.

Although present world stocks of 30 to 32m tonnes seemed high they were only about 10m tonnes—one month's supply—above what might be considered reasonable reserves.

"The picture of a world with vast quantities of cheap sugar is one of the myths which underlies much nostalgic thinking, particularly in this country," Mr. Beckett said.

He rejected the food industry's charges that high prices had cut consumption of sugar in Britain. A recent survey had shown that total consumption of sugar and glucose had been static in Britain since 1955.

And rejecting complaints about the cost of disposing of the Community's surplus of sugar on the world market, Mr. Beckett described the EEC Commission's weekly export tenders as "a carefully organised disposal programme one must admire."

The Community would be crazy to cut production, he said. In the UK, which he described as one of the lowest-cost sugar producers in the world, he added, "there is every justification for expanding as much as we can."

● In Brussels yesterday a Commission spokesman claimed the EEC was not involved in dumping sugar in Papua New Guinea.

The Commission did not know what happened to the sugar once it had set the level of export subsidies at its weekly export tenders, Reuter reported.

Peru fishing to resume next week

WASHINGTON, Sept. 19.

PERU WILL RESUME industrial fishing next Monday and not today as previously stated in a Government decree, but anchovies must not exceed 20 per cent of the catch, according to Peruvian sources, reports Reuter.

EPCHAP, the Government trading organisation has already sold some of the fishmeal it expects to be produced. EPCHAP sold the meal on forward contracts in anticipation of fishing in September.

The meal will be made mainly from sardines and mackerel.

Fishing for meal and oil processing was suspended on July 7 to allow time for stocks to rebuild. Peru has produced 261,000 tonnes of fishmeal up to the second week of June.

Rise in U.S. coffee roastings

BY OUR COMMODITIES STAFF

U.S. COFFEE roastings are running 37.5 per cent ahead of last year's depressed level. Figures published yesterday by New York trader Gordon Paton show that roastings in the week ended September 9 represented 137.5 per cent of those a year ago.

The total for the year to September 9 was estimated at 10,635,000 bags, compared with 9,800,000 bags in the same period last year, representing a rise of 9 per cent.

But the world coffee market showed no signs of getting excited over the rise which mainly reflects the very low consumption levels caused by rocketing prices last year, and futures prices fell back marginally on the London market yesterday. By the close November coffee was quoted at £1,517.5 a tonne, down £15 on the day.

The international market coffee prices appear to be marking time at the moment while dealers await more positive news of the damage done by last month's Brazilian frost.

Uncertainty about the probable outcome of the International Coffee Organisation meeting taking place in London at the moment is also contributing to the nervousness of coffee traders.

The ICO meeting, now in its second week, has broken up into small working groups discussing various questions in detail.

But no decision on the main question of prospective export quota levels and the trigger price at which these would come into force can be taken before the full Coffee Council meeting next week at which all members will be present. And it is possible that the question will be ducked again then.

Consumers argue that because of the uncertainty about the Brazilian frost damage (estimates still range between 1.5m and 8m bags) it would be unwise to make any firm decisions at this stage.

No confident assessment of the Brazilian crop situation will be possible before the end of November and it is possible that the ICO delegates will simply raise the trigger price to take account of inflation since it was originally set last year.

This would probably lift the price from 77 cents a pound to about 95 cents a pound, compared with present market levels of around 150 cents.

...MODITY MARKET REPORTS AND PRICES

...Lower on the London Metal ... partly as a reaction to speculative buying. In early ...ward metal advanced from ... on European business and ... after a good Comex opening. ...was no followthrough and the ...off, helped by the overnight ...he Peruvian force majeure. ...the Kerb at £734.5. Turnover ...

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £739.5, three months £757, 56, 57, 56.5, 57. Cathodes cash £729, three months £746.5. Kerbs: Wirebars three months £757. Afternoon: Wirebars cash £740, three months £759, 57.5. Cathodes, cash £727. Kerbs: Wirebars three months £757, 56.5, 56, 55.5, 55, 54.5, 55.

...started at £7,040 and gradually fell to £6,950. It was affected by the weakness of other metals and responded to hedge and stop-loss selling. But in late trading some U.S. buying emerged which lifted the price to a close on the Kerb of £6,980. Turnover ... tonnes.

Morning: Standard cash £7,230, three months £7,005, 10, 20, 15. Kerbs: Standard three months £7,010. Afternoon: Standard ...

TIN	a.m. Official	+ or	p.m. Unofficial	+ or
High Grade	£	£	£	£
Cash	7225-40	−107½	7170-200	−100
3 months	7030-40	−50	7010-30	−50
Settlem't	7240	−110	...	...
Standard				
Cash	7225-30	−102½	7170-200	−100
3 months	7013-5	−48-5	6990-7000	−50
Settlem't	7230	−110	—	...
Straits E.	$1910	+15	—	...
New York	624	...	—	...

TIN—Lost ground although the East was higher overnight. Forward metal ...

...x Limited. 01-351 3466. Three-month Gold 216-218.
...t Road, London SW10 0HS.
...ax-free trading on commodity futures.
...he commodity futures market for the smaller investor.

...uestions ...nswered ...bout ...our ...Vill

...n these days it is hard to estimate what I ...nay have to leave when the time comes. ... want to be fair to close relatives; but I also ...want to benefit a cause close to my heart. ...ow can I best ensure both?

...Most of us have a similar problem, with ...nflation. The sensible course is probably to ...eave fixed proportions of your estate to the ...ndividuals you wish to remember—say 20% ...o one, 15% to another and so on—and then ...he residue to the cause you wish to help.

... wish to remember old people, since they ...eem certain to be in continued need; ...ut their needs may change. How can I ...nticipate what they may be?

...elp the Aged has a justified reputation for ...eeping well abreast of the needs of old ...eople; and has pioneered a great deal of ...nuch-needed work for lonely, sick, hungry ...nd despairing old people. Their trustees ...re especially careful to make maximum use ...f volunteers in daily touch with the elderly, ...hereby ensuring the most practical response ...o need and obtaining the utmost value for ...ach bequest.

...y publish two useful guides for those ...idering their wills; and I often commend ...e to clients to study in advance of consulting ... Copies may be obtained free on request by ...ing to: Hon. Treasurer, The Rt. Hon. Lord ...bray-King. Help the Aged, Room FT5L, ...EPOST 30, London W1E 7JZ. (No stamp ...led.)

SILVER

COCOA

COFFEE

ROBUSTAS had another quiet and featureless day. After a steady start, values eased in late dealings due to persistent trade selling, Drexel Burnham Lambert reports. The recent range was not extended however and at the close values were £15-£20 lower on balance.

RUBBER

GRAINS

SOYABEAN MEAL

SUGAR

WOOL FUTURES

MEAT/VEGETABLES

...Swedes—Per 25 lb 0.60. Turnips—Per 25 lb 1.00. Parsnips—Per 28 lb 1.00-1.20. Sprouts—Per pound 0.06-0.07. Cobnuts—Per pound Kent 0.35. Corn Cobs—Each 0.06-0.07.

Brazil soya crop outlook promising

By Our Commodities Staff

BRAZIL SHOULD produce 13m to 14m tonnes of soya beans in the forthcoming season, given reasonable conditions, according to Alysson Paulinelli, Agriculture Minister, reports Reuter from Rio de Janeiro.

Trade sources said that soil conditions in Sao Paulo and north Parana, where planting should start soon, are very satisfactory with good moisture levels. There was no concern about seeds from last year's drought-hit crop despite reports of low germination rates.

Sr. Paulinelli denied suggestions that the Government support price set for the 1978-79 soya bean crop would lead to a cut in plantings. He forecast a rise of 5 per cent over last year's 7.82m hectares.

A number of farming bodies have warned that the increase in the domestic support price to 150 cruzeiros per 60kg bag from 112.20 cruzeiros may not be enough to prevent a reduction in planting, with some switching into maize. They noted that production loans are based on the support price.

Meanwhile Brazil has not issued any new soya bean oil export quota, according to the foreign trade department of the Bank of Brazil.

PRICE CHANGES

Price in tonnes unless otherwise stated

	Sept. 19 1978	+ or —	Month ago
Future Dec.	£1,980.5	−60.5	1767
Coffee Future Nov.	1,517.5	−15.0	1,392
Cotton 'A' Index	74c	−0.4	73.7
Rubber kilo	59.5p	...	57.75
Sugar Raw	£101	+4.0	[illegible]
Wool tops 64s	273p	...	270

* Nominal. † New crop. ‡ Unquoted. m June-Aug. n July-Sept. q Sept. r Oct. s Sept.-Oct. v Nov. w Dec. x Per ton. z Indicator price.

INDICES

FINANCIAL TIMES

Sept. 19	Sept. 18	Month ago	Year ago
264.39	262.99	245.58	245.29

(Base: July 1, 1952=100)

REUTERS

Sept. 19	Sept. 18	Month ago	Year ago
1476.4	1464.2	1442.1	1503.3

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Sept. 18	Sept. 15	Month ago	Year ago
Spot	380.87	380.55	363.78	370.20
Futures	381.60	375.65	364.74	332.54

(Average 1924-25-26=100)

MOODY'S

Moody's	Sept. 18	Sept. 15	Month ago	Year ago
Staple Commodity	939.2	939.0	932.8	881.0

(December 31, 1931=100)

COTTON

COTTON, Liverpool—Spot and shipment sales amounted to 53 tonnes, bringing the total for the week so far to ... tonnes ...

U.S. Markets

Cocoa and sugar dip

NEW YORK, Sept. 19.

PRECIOUS METALS rallied on renewed Commission House buying and short-covering following disappointment over the lack of further initiatives during the Egyptian-Israeli summit. Copper eased on Commission House liquidation and trade hedge selling following a lower than expected decline in LME stocks. Cocoa and sugar closed weaker on renewed trade hedge selling, Bache reports.

This edition went to press before the latest U.S. commodity prices were available.

STOCK EXCHANGE REPORT

Investment interest lacking throughout stock markets

30-share index reacts 5.6 to 525.2—Short Gilts easier

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Sep. 4	Sep. 14	Sep. 15	Sep. 26
Sep. 18	Sep. 28	Sep. 29	Oct. 10
Oct. 2	Oct. 12	Oct. 13	Oct. 24

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Stock markets yesterday passed a subdued session with investment interest curtailed by several factors. These included the still unresolved labour situation at BL Cars, the possibility later this week of the first direct challenge to the Government's pay strategy and the rise of some 6½ per cent in leading equities during the last trading Account.

The easier trend was set immediately dealings opened with dealers marking a penny or two off the leaders. Small public selling then followed in a market devoid of incentive and, although a brief rally developed around midday, it eventually faded and left falls of 3 and occasionally more in constituents of the 30-share index which closed 5.6 lower at 525.2, after having been 3.3 down at 11 a.m.

Many secondary issues followed in the wake of the leaders, but here and there the scene was enlivened by trading announcements or bid speculation. Of the individual sectors, Oils were a little restless awaiting details of the Bingham Report, while Banks were overshadowed reflecting disappointment with the Bank of Scotland's interim profits.

The recent dearth of institutional enthusiasm continued in British Funds. Further marginal losses in the shorter maturities were again attributed to persisting worries about U.S. interest rate trends, in particular the belief that Prime rates there would soon enter double figures. Business in the mediums and longs was negligible and quotations remained at overnight list levels.

South African Gold shares became steadier after Monday's easiness, but the Finance Houses were affected by investment currency considerations coupled with some concern about South Africa's political outlook and closed uncertainly.

Institutional and other offerings of investment premium found buyers reluctant and rates were adjusted lower. The firmness of sterling in foreign exchange markets also contributed to the easier tendency which left the closing premium a net 2½ points down at 93½ per cent. Yesterday's SE conversion factor was 0.6849 (0.6790).

Interest in the Traded Option market slackened considerably yesterday, with contracts amounting to 832 compared with 1,258 on Monday. Nevertheless, ICI were again actively traded and recorded 234 deals, while a fair amount of interest was shown in GEC in which 117 trades were completed.

Bank of Scotland, a good market of late, reacted sharply to close 21 down at 283p on disappointment with the half-yearly results. Lack of support and scattered selling was reflected in losses of around 5 in NatWest, 280p, Lloyds, 268p, and Barclays, 358p. By way of contrast, Australian issues continued to make headway, ANZ, 348p, and Commercial of Australia, 255p, improving 14 and 16 respectively.

Buildings generally drifted lower on lack of interest and occasional small selling. Brown and Jackson provided a firm spot, advanced 13 more to a high for the year of 228p on continued speculative demand in a thin market, while Y. J. Lovell found further support and added 3 more to a 1978 peak of 106p. Small selling left International Timber 5 cheaper at 132p. Crane Developments firmed 2 to 57p in response to the 44.36 per cent acceptance of Comben's offer; the latter were unmoved at 31p. Despite higher interim profits, JB Holdings gave up 2 at 64p while, ahead of tomorrow's half-timer, Leyland Paint shed a like amount at 90p.

ICI drifted lower from the outset and finished 6 cheaper at 397p, while Fisons shed 5 at 383p.

MFI advance

MFI Furniture responded to the good preliminary results with a rise of 6 to 144p. Elsewhere in Stores, revived bid hopes left Liberty up 15 further at 200p, with the N/V shares 6 to the good at 186p. Other bright spots included Home Charm, 5 dearer at 220p. Leading issues, however, usually gave ground. Burton "A," a recent bid favourite, encountered selling and fell away to close 7 lower at 168p. Gussies "A" cheapened 6 to 330p.

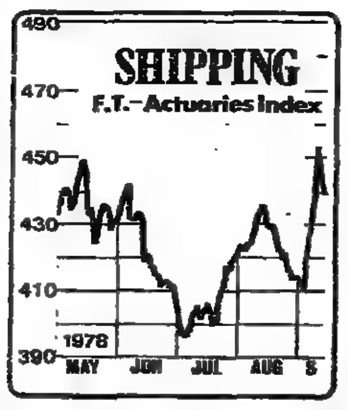
Electricals contributed their share of dull spots. Berec slipped 4 to 136p, while Racal Electronics, 330p and Thorn Electrical, 378p, lost 8 and 12 respectively. Higher earnings failed to sustain Energy Services, which closed a shade easier at 19½p. Geo. H. Scholes contrasted with a rise of 5 to 290p on the preliminary figures, while small buying in anticipation of Friday's results raised Telefusion 3 to 42p.

Losses in the Engineering majors were restricted to around 4. J. Brown, 482p, and Vickers, 202p, were both that amount down. Elsewhere, the cautious statement on second-half trading which accompanied the interim results unsettled Simon Engineering, down 9 at 284p, but speculative interest lifted Chemring 14 to 85p. Fresh scattered buying prompted a further gain of 4 to 118p in Charles Clifford. WGI also found support at 134p, up 6, but ML Holdings encountered profit-taking and gave up 5 to 240p.

Having received the blessing of the Allied Breweries' shareholders for the proposed takeover of J. Lyons, the latter rose 4 to 140p in active trading on hopes that the offer will not be referred to the Monopolies Commission; the share-exchange offer is worth around 155p a share with Allied closing 1½ easier at 84½p. Morgan Edwards rose 5 to 65p on revived bid speculation, while Taverner Rutledge, 70p, and Meat Trade Suppliers, 90p, put on 3 apiece. Bernard Matthews closed without alteration at 174p following the half-yearly report. Goldrei Foucard eased 3 to 80p on fading bid hopes, while similar losses were recorded in Bejam, 61p, and Tate and Lyle, 195p.

Camrex sold again

Occasional offerings of the Industrial leaders found the market unwilling. Glaxo gave up 7 to 630p and falls of around 5 were marked against Boots, 217p, Beecham, 730p, and Metal Box, 364p. Still reflecting the poor half-yearly results, Camrex met fresh selling and reacted afresh to 50p before ending 8 down for a two-day fall of 13 at 52p. In contrast, demand in a restricted market left Randalls 6 to the good at 84p, while speculative interest prompted a rise of 8 to 103p in Relyon PBWS. Ricardo hardened 3 more to 312p in response to the preliminary results, with the new shares 4 up at 111p premium. Fresh interest was shown in Extel, up 3 more at a peak for the year of 136p. On the other hand, Wm. Baird, at 190p, gave up 6 of the previous day's rise of 9 which followed news of the possible merger between Dawson and Haggas; Wm. Baird hold a 28 per cent shareholding in Dawson. Steetley came on offer at 198p, down 6, along with Johnson Matthey which eased 8 to 463p.



Highgate Optical improved 5 to 40p on news of its intended sale of assets and Photax (London) put on 4, also to 40p, on the appearance of a few buyers in a limited market. Ahead of next week's annual results, Campari issues found support; the ordinary and B firmed 3 apiece to 128p and 118p respectively. Elsewhere, LWT A shed 10 to 142p on nervous selling following the halting of the Old Bailey secrets trial after comment on the Russell Harty television programme.

Motors and Distributors were easier for choice. ERF, at 118p, gave up 3, while similar losses were recorded in Abbey Panels, 50p, and Associated Engineering, 118p. Press comment on their respective interim statements provided contrasting movements in Rolls-Royce, a shade higher at a 1978 peak of 109½p, and Wadham Stringer, 2 easier at 52½p. Manor National, formed to effect the merger of Manchester Garages and Oliver Rix, made their debut yesterday with the shares opening at 36p and closing at 38½p following a light trade; the 10½ per cent preference ended at £101½, after £104, and the 12 per cent convertible finished at £96, after £98. Of the firm spots, T. C. Harrison hardened 4 to 124p and Western Motor 7 to 130p.

The announcement of the defeat of the S. Pearson offer for the outstanding 36 per cent minority left Pearson Longman down 18 at 222p; the shares of the former reverted to 237p, unchanged, following the statement after having touched 243p.

Still unsettled by the lower-than-expected interim results, Liverpool Daily Post gave up 4 to 136p for a fall of 12 since Thursday's announcement. Thomson became a dull market on the appearance of the occasional seller and cheapened 8 to 265p: dealings in International Thomson Organisation common and convertible preference shares start today. In Paper/Printings, improved profits at the half-way stage put Bemrose 4 up at 81p and, awaiting today's annual results, Ferry Pickering advanced 5 to 90p.

Properties improved in places on selective buying. English Property put on 3 to 42p as vague bid rumours revived while, in response to increased annual revenue and the property revaluation, County and District firmed 3 to 107p, after 108p. Lower interim profits left Law Land a penny easier at 44p. Speculative favourites Bellway Holdings, 70p, and Country and New Town, 29p, hardened 2 and 3 respectively.

Oils quietly dull

Oils traded quietly awaiting publication of the Bingham Report, the findings of which were made known well after the close. British Petroleum and Shell eased 6 apiece to 904p and 374p respectively. Siebens UK plotted an erratic course and touched 414p before settling at 394p, for a net loss of 14.

Investment Trusts eased back on lack of interest. New Throgmorton Capital stood out at 154p, down 9. Electric and General Investment, however, edged forward a penny to 53½p on satisfaction with the interim report. Financials were noteworthy only for a decline of 5 to 65p in the Hong Kong-based Haw Par.

A quiet trade in the Shipping sector left prices slightly firmer. P & O Deferred hardened a penny to 100p for a two-day gain of 4, while Lofs moved up 1½ to 36p and Walter Runciman improved 3 to 81p.

Rubbers finished with widespread small losses. Consolidated Plantations lost 1½ to 45½p, while falls of 3 were seen in Kulim, 47p, Muar River, 60p, and Malakoff, 72p. Teas made a firmer showing with Warren closing 4 better at 244p and Assam Dooars 5 up at 255p.

Easier Financials

Premium Financials adopted an easier tone as renewed uncertainties emerged about the political future of South Africa in advance of an expected statement by Mr. John Vorster, the Prime Minister. Anglo American were 11 lower at 362p, while General Mining at £19½ and Johannesburg Consolidated Investment at £15½ were both ½ down.

De Beers were affected by fresh concern about the future of Namibia (South West Africa) and some U.S. selling now that the shares are ex-dividend. They closed down 15 at 448p.

All the overseas Financials were pushed lower by the easiness of the investment dollar premium. The tone of the market spilled over into London Financials where Charter Consolidated finished 7 down at 158p after touching 154p. Rio Tinto-Zinc, 7 easier at 246p, and Selection Trust, 10 softer at 486p, were depressed in front of interim figures. But trading, influenced by the domestic industrial market, was at a low level.

Nor was there much activity in South African Golds, although some U.S. buying in the afternoon helped prices to rise so that gains of up to 25p were common throughout the list. President Brand at £10½ and Vaal Reefs at £16½ were both ½ better.

The market was strengthened by the advance in the bullion price which closed $1.75 higher at $212.875 an ounce. The Gold Mines Index hardened 0.3 at 182.2.

Despite an easier Sydney market and a lower start in London, Australian diamond stocks regained their steadiness on local buying and some U.S. interest in late trading and finished at, or close to, their overnight levels.

The fresh setbacks to the development of the Ranger uranium project caused a slight reaction in Peko-Wallsend and EZ Industries, down 4 at 536p and [illegible] down 3 at 275p respectively. [illegible] higher at 210p, responded to interest in their uranium exploration programme. Among Irish Canadians, Tara Exploration gained 35 to 863p, reflecting the Canadian market [illegible] 4 to 35p despite the withdrawal of U.S. Steel from their [illegible] where rumours circulated of an imminent agreement on [illegible] venture.

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (73)

CORPORATION LOANS (1)
LCC 5½pc 1985-87

BANKS (7)
First Nat. Warrants; ANZ; Nat. Bank of Aust.; Bank of NSW; Schroders; Comm. Bank of Aust.; First National

BUILDINGS (3)
Brown and Jackson; Lovell (Y. J.); Howard Shuttering

CHEMICALS (1)
Wardle (B.)

STORES (6)
Bolton Textile; MFI Furniture; Foster Bros.; S. and U. Stores; Home Charm; Wilkinson Warburton

ELECTRICALS (4)
Clifford and Snell; Telefusion; Rediffusion; Do. A N V

ENGINEERING (12)
Braham Millar; Martonair; Chemring; Mole (M.); Clifford (C.); WGI; Danks Gowerton; Wadkin; Edbro; Wheway Watson; Fintoer; Williams and James

FOODS (1)
Morgan Edwards

INDUSTRIALS (19)
Arenson (A.); Hamiborne; Bellair Cos.; Hewitt (J.); Black Arrow; Office and Elect.; Burns Anderson; Polymark; Courtney Pope; Randalls; Denbyware; Relyon PBWS; Dundonian; Ricardo; Extel; Rowan and Boden; Fogarty (E.); Whitecroft; Fothergill and Harvey

MOTORS (2)
Rolls-Royce; Western Motors

NEWSPAPERS (1)
Bristol Post

PAPERS (3)
Bemrose; Usher-Walker; Ferry Pickering

PROPERTY (2)
Country & New Town; County & District

TEXTILES (3)
Carpets Intl.; Snia Viscosa Briv.; SEET

TRUSTS (3)
F. & C. Eurotrust; Sizewell; General Funds Conv.

OILS (1)
Candecca Resources

RUBBERS (1)
London Sumatra

TEAS (1)
Assam Dooars

MINES (2)
Mincorp; Tasks

NEW LOWS (4)

INTERNATIONAL BANK (1)
5pc Stk. 1977-82

ELECTRICALS (1)
Rotaflex (G.B.)

INDUSTRIALS (1)
Camrex

MINES (1)
Jantar

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	2	21	51
Corpns., Dom. and Foreign Bonds	7	9	44
Industrials	198	260	1,141
Financial and Prop.	39	203	264
Oils	4	17	15
Plantations	7	12	12
Mines	30	45	53
Recent Issues	7	15	18
Totals	294	564	1,600

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Sep. 12	Sep. 25	Dec. 7	Dec. 19
Sep. 26	Oct. 9	Dec. 28	Jan. 9
Oct. 10	Oct. 23	Jan. 11	Jan. 23

For rate indications see end of Share Information Service

Stocks favoured for the call were Wilson Walton, Consolidated Gold Fields, Ultramar, Rio Tinto-Zinc, UDT, Oil Exploration, Guthrie, EMI, New Throgmorton Capital, Silvermines, Brown Boveri, Pentland, Talbex, Staflex International, Grand Metropolitan Warrants, Pacific Copper, Hong Kong Land and Tanganyika Concessions. Puts were done in Matthew Hall and Cullen's Stores A, while a double was arranged in Royco.

FINANCIAL TIMES STOCK INDICES

	Sept. 19	Sept. 18	Sept. 15	Sept. 14	[illegible]	[illegible]
Government Secs.	70.57	70.59	70.58	70.97	[illegible]	[illegible]
Fixed Interest	72.10	72.14	72.19	71.98	[illegible]	[illegible]
Industrial	525.2	530.8	530.4	535.5	[illegible]	[illegible]
Gold Mines	182.2	181.9	182.8	[illegible]	[illegible]	[illegible]
Ord. Div. Yield	5.14	5.09	5.09	5.04	[illegible]	[illegible]
Earnings, Yld% (full)	14.57	14.45	14.54	14.40	[illegible]	[illegible]
P/E Ratio (net) (*)	9.09	9.18	9.09	[illegible]	[illegible]	[illegible]
Dealings marked	5,563	5,474	6,957	6,051	[illegible]	[illegible]
Equity turnover £m.	—	84.48	114.80	133.99	[illegible]	[illegible]
Equity bargains total	—	19,423	22,476	24,284	21,470	17,604

10 am 526.0. 11 am 525.5. Noon 526.9. 1 pm [illegible]. 2 pm 525.5. 3 pm 525.8. Latest index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=[illegible].

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS | S.E. ACTIVITY

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58	68.79	127.4	49.18
Fixed Int.	81.27	70.73	150.4	50.53
Ind. Ord.	535.5	433.4	549.2	49.4
Gold Mines	206.8	130.3	442.3	43.5

[illegible]

LONDON TRADED OPTIONS

Option	Ex'rcise price	October Closing offer	Vol.	January Closing offer	Vol.	April Closing offer	Vol.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Totals							

Option	Ex'rcise price	November Closing offer	Vol.	February Closing offer	Vol.	May Closing offer	Vol.
BOC Intl.	80	8½	—	4	16	8	—
Boots	240	3	—	13	3	18	—
EMI	140	37	—	41	10	44	—
EMI	160	20	20	26	—	30	20
EMI	180	9	40	15	11	25	—
Imperial Gp.	80	2½	—	5	—	7½	—
RTZ	240	20	10	26	—	31	—
RTZ	260	7½	4	15	1	20	—
RTZ	280	5	—	7	9	10	14
Totals			74		45		34

COMPANY NOTICES

ANGLOVAAL GROUP

GROUP COMPANIES CLOSING OF TRANSFER BOOKS AND REGISTERS OF MEMBERS

NOTICE IS HEREBY GIVEN that the transfer books and registers of members of the following companies will be closed for the periods stated for the purpose of determining those persons entitled to attend the annual general meetings of members thereof.

Name of Company	Date of Closing Transfer Books and Registers of Members 1978
HARTEBEESTFONTEIN GOLD MINING COMPANY LIMITED	12 to 18 October
ZANDPAN GOLD MINING COMPANY LIMITED	12 to 18 October
EASTERN TRANSVAAL CONSOLIDATED MINES LIMITED	12 to 18 October
MIDDLE WITWATERSRAND (WESTERN AREAS) LIMITED	19 to 25 October
ANGLO-TRANSVAAL INDUSTRIES LIMITED	17 to 23 November
ANGLO-TRANSVAAL CONSOLIDATED INVESTMENT COMPANY LIMITED	18 to 24 November

By Order of the Boards, ANGLO-TRANSVAAL TRUSTEES LIMITED, London Secretaries, per: W. A. G. KENNY-LEVICK.

London Secretaries: 295, Regent Street, London W1R 8ST. 20 September, 1978.

TDK ELECTRONICS CO., LTD. (CDRs)

[illegible]

AMSTERDAM DEPOSITARY COMPANY N.V.
Amsterdam, 14th September 1978

ELDER SMITH GOLDSBROUGH MORT LIMITED

[illegible]

By Order of the Board, C. E. PARKER, Secretary.

CLUBS

EVE, 189, Regent Street, 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45 and 1.45 and music of Johnny Hawkesworth & Friends.

GARGOYLE, 69 Dean Street, London W.1. NEW STRIPTEASE FLOORSHOW "AS YOU LIKE IT" [illegible] Mon.-Fri. Closed Saturdays. 01-437 6455

EDUCATIONAL

FRENCH INSTITUTE
10-WEEK INTENSIVE
DAY COURSE
IN ORAL FRENCH
commencing 2nd October
Interviews 18th to 25th September
Also EVENING CLASSES IN French Language, Civilisation and Translation commencing 2nd October. Registration 11th to 22nd September. Details: 14 Cromwell Place, London SW7 2JR (S.A.E.)
Tel: 01-589 6211 ext. 45

LEGAL NOTICES

No. 002734 of 1978
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of BIXOGLEX LIMITED and In the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was, on the [illegible] day of September 1978, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE. and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the [illegible] day of October 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the [illegible] day of October 1978.

No. 002735 of 1978
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of A. & E. HAULAGE LIMITED and In the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was, on the 4th day of September 1978, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE. and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the [illegible] day of October 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

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PUBLIC NOTICES

CITY OF WESTMINSTER

[illegible]

GREATER LONDON BILLS

[illegible]

OVERSEAS PROPERTY

NEW YORK STATE
ONE HOUR DRIVE
NEW YORK CITY
400 Acre Estate including 150 acre farm, 50 acre apple orchard. Over 100 acres commercially zoned. Large main residence and guest house, pool, caretaker's cottage. Several barns and houses. Magnificent opportunity for investor. $8,000,000.
Other investment opportunities available as well as Private Houses and Co-operative and Condominium apartments in New York City.
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SOUTH NORTHUMBERLAND
FREEHOLD AS LET
FOR SALE BY TENDER BY 1st NOVEMBER, 1978
Brochure from:
HINDMARSH AND PARTNERS, F.R.I.C.S.
107 Northumberland Street, Newcastle upon Tyne, NE1 7AP
Tel: (0632) 610081

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	15	397	− 6	421	328
BATs Defd.	25p	12	278	− 2	304	227
BP	£1	11	904	− 6	926	720
Shell Transport	25p	11	374	− 6	602	484
Burmah Oil	£1	10	76	− 1	89	42
Marks & Spencer	25p	8	87	− 2	94	67½
Unilever	25p	8	576	− 8	602	476
Beecham	25p	7	730	− 5	743	583
Boots	25p	7	217	− 5	237	184
Distillers	50p	7	208	− 4	215	163
Dunlop	50p	7	77	− 1	90	71
EMI	50p	7	169	—	190	130
GEC	25p	7	333	− 8	337	233
GUS "A"	25p	7	330	− 6	340	236
Royal Insurance	25p	7	375	− 5	425	343

RECENT ISSUES

EQUITIES

Issue price p.	Amount paid up	Latest Renunc. date	1978 High	1978 Low	Stock	Closing Price p.	+ or −	Div.	Times covered	Gross yield	P/E ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1978 High	1978 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p.	Amount paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p.	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Sept. 19, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) Corp. Tax 52%	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net) Corp. Tax 52%	Mon. Sept. 18 Index No.	Fri. Sept. 15 Index No.	Thur. Sept. 14 Index No.	Wed. Sept. 13 Index No.
1	CAPITAL GOODS (171)	254.05	−0.6	15.20	4.90	9.03	255.66	254.44	256.28	254.64
2	Building Materials (27)	220.91	−0.5	15.96	5.08	8.64	221.95	223.60	226.80	224.18
3	Contracting, Construction (28)	412.81	−0.4	16.87	3.81	8.61	414.65	411.86	419.51	417.46
4	Electricals (14)	572.84	−0.8	12.65	3.23	10.93	577.32	570.81	573.08	569.44
5	Engineering Contractors (14)	381.91	−0.7	17.39	5.70	7.80	384.53	378.24	380.90	373.46
6	Mechanical Engineering (72)	202.09	−0.5	16.29	5.39	8.19	203.16	202.41	204.75	203.92
8	Metals and Metal Forming (16)	181.23	−0.9	14.80	7.84	9.36	182.91	182.60	180.39	179.48
11	CONSUMER GOODS (DURABLE) (52)	221.27	−1.4	15.83	4.80	8.79	224.46	223.38	226.17	226.59
12	Lt. Electronics, Radio TV (15)	270.82	−1.9	13.90	3.78	10.06	275.93	274.35	278.77	280.21
13	Household Goods (12)	189.82	−0.6	15.88	5.99	8.69	190.09	188.94	190.27	186.67
14	Motors and Distributors (25)	133.20	−0.9	18.96	6.20	7.32	134.42	134.03	135.09	135.15
21	CONSUMER GOODS (NON-DURABLE) (174)	222.03	−1.2	14.72	5.45	9.17	224.82	224.66	228.25	227.34
22	Breweries (14)	235.21	−1.4	14.79	5.97	9.30	238.58	238.95	240.43	238.79
23	Wines and Spirits (6)	292.67	−1.7	14.56	4.91	10.25	297.84	299.10	301.24	300.39
24	Entertainment, Catering (17)	277.17	−1.4	14.64	6.27	9.97	281.18	278.99	281.53	277.21
25	Food Manufacturing (20)	218.93	−0.8	17.24	5.12	7.69	220.71	220.33	223.85	223.35
26	Food Retailing (15)	233.97	−0.8	12.98	4.40	10.68	235.94	234.50	237.92	236.81
32	Newspapers, Publishing (13)	406.44	−1.8	9.93	3.18	14.38	414.00	413.78	421.75	412.12
33	Packaging and Paper (15)	150.75	−0.9	17.22	7.05	7.65	152.18	153.17	155.65	154.25
34	Stores (40)	209.46	−1.7	10.40	4.33	14.06	213.02	212.98	217.95	218.54
35	Textiles (25)	184.24	−1.0	17.83	7.52	7.31	186.03	184.62	186.59	186.71
36	Tobaccos (3)	252.61	−0.6	21.79	7.42	5.43	254.09	254.93	259.41	257.85
37	Toys and Games (6)	123.39	−1.2	18.37	5.17	6.36	124.87	124.88	125.21	123.96
41	OTHER GROUPS (98)	216.80	−1.0	14.37	5.55	8.97	219.10	220.47	223.24	222.18
42	Chemicals (19)	302.19	−1.2	15.06	6.25	8.65	305.77	312.22	315.28	313.35
43	Pharmaceutical Products (7)	285.76	−0.8	10.13	3.60	12.15	288.16	287.33	291.13	290.69
44	Office Equipment (6)	147.17	−1.2	16.51	5.16	7.22	148.98	147.76	149.68	150.75
45	Shipping (10)	439.09	−0.2	14.16	6.94	9.02	440.14	444.98	453.78	446.12
46	Miscellaneous (56)	230.80	−1.2	16.01	5.91	8.29	233.57	233.39	236.56	235.48
49	INDUSTRIAL GROUP (495)	235.99	−1.0	14.84	5.29	9.06	238.50	238.42	241.43	240.38
51	Oils (5)	510.62	−0.8	13.69	3.94	7.93	514.93	517.54	528.59	519.32
59	500 SHARE INDEX	259.19	−1.0	14.68	5.09	8.88	261.86	261.97	265.03	263.94
61	FINANCIAL GROUP (100)	174.66	−0.8	—	5.56	—	176.10	175.51	177.77	176.57
62	Banks (6)	196.00	−1.4	23.85	5.97	6.29	198.71	198.72	200.93	196.28
63	Discount Houses (10)	218.30	−0.1	—	7.92	—	218.49	217.36	216.14	216.34
64	Hire Purchase (5)	163.05	−1.7	14.94	5.05	8.83	165.85	162.74	165.35	164.43
65	Insurance (Life) (10)	143.56	−1.3	—	6.46	—	145.49	144.64	146.89	149.66
66	Insurance (Composite) (7)	132.13	−0.9	—	6.61	—	133.33	132.77	136.03	134.60
67	Insurance Brokers (10)	349.49	−0.8	13.52	4.57	10.58	352.28	351.30	354.48	354.49
68	Merchant Banks (14)	87.02	−0.1	—	5.56	—	87.07	87.48	87.82	86.67
69	Property (31)	265.64	+0.3	3.24	2.85	53.56	264.79	262.74	266.83	265.74
70	Miscellaneous (7)	114.02	−0.8	22.16	7.33	5.84	114.94	115.34	116.71	115.25
71	Investment Trusts (50)	233.74	−1.2	2.99	4.43	33.48	236.52	235.09	237.77	235.72
81	Mining Finance (4)	110.05	−2.4	16.04	6.47	7.59	112.71	112.25	114.81	114.78
91	Overseas Traders (19)	328.62	−0.5	15.12	6.97	8.29	330.38	331.01	334.73	336.31
99	ALL-SHARE INDEX (673)	237.15	−1.0	—	5.21	—	239.57	239.45	242.38	241.25

FIXED INTEREST PRICE INDICES

	British Government	Tues., Sept. 19	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	105.12	+0.02	—	6.70
2	5-15 years	115.59	—	—	7.39
3	Over 15 years	121.71	—	—	9.36
4	Irredeemables	128.09	—	—	9.02
5	All stocks	113.55	+0.01	—	7.84

FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.

			Tues., Sept. 19	Mon. Sept. 18
1	Low Coupons	5 years	8.82	8.85
2		15 years	10.96	10.89
3		25 years	11.68	11.58
4	Medium Coupons	5 years	11.71	11.70
5		15 years	12.08	12.07
6		25 years	12.08	12.08
7	High Coupons	5 years	11.64	11.61
8		15 years	12.60	12.60
9		25 years	12.78	12.77
10	Irredeemables		11.56	11.55

		Tues., Sept. 19 Index No.	Tues., Sept. 19 Yield %	Mon. Sept. 18	Friday Sept. 15	Thurs. Sept. 14	Wed. Sept. 13	Tues. Sept. 12	Mon. Sept. 11	Friday Sept. 8
15	20-yr. Red. Deb & Loans (15)	57.55	†12.90	57.55	57.57	57.57	57.92	57.85	57.81	57.81
16	Investment Trust Prefs. (15)	51.87	13.41	51.87	51.12	51.12	51.38	51.38	51.38	51.38
17	Coml. and Indl. Prefs. (20)	71.21	12.88	71.21	71.31	71.30	70.97	70.94	70.74	70.74

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in [illegible] issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon [illegible], London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

CORAL INDEX: Close 524-529

INSURANCE BASE RATES

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre Dame, Luxembourg.
Alexander Fund ... | $US7.95 | ... | —
Net asset value September 13.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1, Charing Cross, St. Helier, Jsy. C.I. 0534-73741
AHR Gilt Edg. Fd. ... | 10.00 | 10.02 | ... | 12.15

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 72177
Cap. Tst. (Jersey) ... | 118.0 | 122.0 | ... | 4.10
Next dealing date September 26.
Gov't Secs. Tst. ... | 100 | 102 | ... | 12.00
Next dealing date September 25.
East & Intl Tst. (C.I.) | 122.0 | 129.0 | ... | 2.90
Next dealing date September 28.

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127, Kent St., Sydney.
US$1 Shares ... | $US1.62 | ... | —
Net asset value September 8.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.
Wldinvest Income | $US111.74 | 114.38 | ... | 7.44
Prices at Sept. 14. Next sub. date Sept. 20.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels
Renta Fund LF ... | 1,923 | 1,982 | −1 | 7.72

Barclays Unicorn Int. (Ch. Is.) Ltd.
1, Charing Cross, St. Helier, Jsy. 0534 73741
Overseas Income ... | 47.5 | 50.0 | ... | 11.90
Unidollar Trust ... | $US2.19 | 12.81 | ... | 3.40
Unibond Trust ... | $US101.99 | 102.07 | +0.18 | 8.00
*Subject to fee and withholding taxes

Barclays Unicorn Int. (I. O. Man) Ltd.
1 Thomas St., Douglas, I.o.M. 0624 4856
Unicorn Aust. Ext. ... | 58.1 | 62.5 | ... | 1.40
Do. Aust. Min. ... | 38.1 | 41.0 | +0.2 | 1.90
Do. Grtr. Pacific ... | 72.4 | 77.9 | ... | —
Do. Intl. Income ... | 41.2 | 44.3 | ... | 7.90
Do. I. of Man Tst. ... | 46.7 | 50.3 | ... | 8.70
Do. Manx Mutual ... | 27.8 | 29.9 | ... | 1.90

Bishopsgate Commodity Ser. Ltd.
P.O. Box 42, Douglas, I.o.M. 0624-23911
ARMAC *Sept. 13 ... | $US23.76 | 29.55 | ... | —
CANRHO** Sept. 4 ... | £1.065 | 1.130 | ... | —
COUNT** Sept. 4 ... | £2.402 | 2.547 | ... | 1.23
Originally issued at *$10 and **£1.00.

Bridge Management Ltd.
P.O. Box 508, Grand Cayman, Cayman Is.
N'bashi Sept. 1 ... | Y17,021 | ... | —
G.P.O. Box 590, Hong Kong
Nippon Fd. Sept. 13 ... | $US20.36 | 21.28 | ... | 0.78

Britannia Tst. Mngmt. (CI) Ltd.
30 Bath St., St. Helier, Jersey. 0534 73114
Sterling Denominated Fds.
Growth Invest ... | 38.4 | 41.5 | ... | 2.00
Intnl. Fd ... | 97.1 | 105.0 | ... | 1.00
Jersey Energy Tst. ... | 144.8 | 156.5 | ... | 1.50
Univsl. $ Tst. Stg. ... | £2.42 | 2.55 | ... | 1.00
High Int. Stg. Tst. ... | 0.97 | 1.00 | ... | 12.00
U.S. Dollar Denominated Fds.
Univsl. $ Tst. ... | $US5.60 | 5.98 | ... | —
Int. High Int. Tst. ... | $US0.98 | 1.01 | ... | 8.90
Value Sept. 13. Next dealing September 25.

Brown Shipley Tst. Co. (Jersey) Ltd.
P.O. Box 583, St. Helier, Jersey. 0534 74777.
Sterling Bond Fd. ... | £10.01 | 10.05 | ... | 11.70

Butterfield Management Co. Ltd.
P.O. Box 195, Hamilton, Bermuda.
Buttress Equity ... | $US2.53 | 2.62 | ... | 1.98
Buttress Income ... | $US2.02 | 2.09 | ... | 7.34
Prices at Sept. 11 Next sub. day Oct. 9.

Capital International S.A.
37 rue Notre-Dame, Luxembourg.
Capital Int. Fund ... | $US19.22 | ... | —

Charterhouse Japhet
1, Paternoster Row, EC4. 01-248 3999
Adiropa ... | DM31.20 | 32.80 | ... | 4.66
Adiverba ... | DM50.90 | 53.10 | −0.20 | 4.37
Fondak ... | DM32.20 | 33.90 | ... | 4.90
Fondis ... | DM21.90 | 23.10 | −0.30 | 5.02
Emperor Fund ... | $US3.42 | 3.58 | ... | —
Hispano ... | $US38.49 | 42.76 | ... | 2.85

Clive Investments (Jersey) Ltd.
P.O. Box 320, St. Helier, Jersey. 0534 37361.
Clive Gilt Fd. (C.I.) ... | 9.83 | 9.85 | ... | 11.00
Clive Gilt Fd. (Jsy.) ... | 9.80 | 9.82 | ... | 11.00

Cornhill Ins. (Guernsey) Ltd.

Keyselex Mngt., Jersey Ltd.
PO Box 98, St. Helier, Jersey. (Eng. 01-606 7070)
Fonselex ... | Fr1,349 | 1,481 | ... | —
Bondselex ... | Fr118.00 | 124.00 | ... | —
Keyselex Int'l ... | £7.28 | — | ... | —
Keyselex Europe ... | £3.68 | — | ... | —
Keyselex Japan ... | £16.32 | — | ... | —
Cent. Assets Cap. ... | £136.70 | | +0.03 | —

King & Shaxson Mgrs.
1 Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856
Gilt Fund (Jersey) ... | £9.13 | 9.16 | −0.01 | 12.00
Gilt Trust (I.o.M.) ... | 103.7 | 106.4 | +0.2 | 12.00
Gilt Fnd. Guernsey ... | £9.55 | 9.57 | ... | 12.00
Intl. Govt. Secs. Tst.
First Sterling ... | £18.12 | 18.24 | +0.05 | —
First Intl. ... | $US187.85 | 188.57 | +0.17 | —

Kleinwort Benson Limited
30, Fenchurch St., EC3 01-623 8000
Eurinvest. Lux. F. ... | 1,153 | | +1 | 3.04
Guernsey Inc. ... | 67.9 | 71.9 | ... | 3.93
Do. Accum. ... | 83.8 | 88.8 | ... | 3.93
KB Far East Fd. ... | $US14.32 | | ... | 1.39
KB Intl. Fund ... | $US12.92 | | ... | 1.78
KB Japan Fund ... | $US39.70 | | ... | 0.63
K.B. U.S. Gwth. Fd. ... | $US13.15 | | ... | 0.60
Signet Bermuda ... | $US5.35 | | ... | 1.69
*Unifonds (DM) ... | 19.75 | 20.80 | ... | 8.17
*KB act as London paying agents only.

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561
Lloyds Tst. O'seas ... | 63.1 | 66.4 | ... | 0.65
Next dealing date October 16.

Lloyds International Mgmnt. S.A.
7 Rue du Rhone, P.O. Box 179, 1211 Geneva 11
Lloyds Int. Growth ... | SF348.5 | 373.0 | ... | 1.90
Lloyds Int. Income ... | SF298.0 | 310.0 | ... | 6.50

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588
Atlantic Sept. 19 ... | $US3.21 | 3.51 | −0.04 | —
Aust. Ex. Sept. 13 ... | $US2.64 | 2.99 | ... | —
Gld Ex Acc Sept. 13 ... | $US11.55 | 12.97 | ... | —
Island ... | 142.6 | 151.7 | +0.5 | 13.11
(Accum Units) ... | 201.6 | 214.5 | +0.7 | 13.11

Samuel Montagu Ldn. Agts.
114, Old Broad St., E.C.2 01-588 6464
Apollo Fd. Sept. 6 ... | SF44.65 | 49.35 | ... | 3.80
Japfest Aug. 31 ... | HK$13.42 | 14.44 | ... | 0.88
117 Grp Sept. 6 ... | $US11.64 | 12.78 | ... | 1.86
117 Jersey Sept. 6 ... | £6.20 | 6.67 | ... | 0.68
117 JersyO's Aug. 16 ... | £11.75 | 12.36 | ... | —

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5521
*Hope St. Fd ... | $US40.91 | +0.40 | —
*Murray Fund ... | $US12.39 | +0.22 | —
*NAV September 15.

Negit S.A.
10a Boulevard Royal, Luxembourg
NAV Sept. 15 ... | $US12.23 | ... | —

Negit Ltd.
Bank of Bermuda Bldgs., Hamilton, Brmda.
NAV Sept. 8 ... | £6.54 | — | ... | —

Phoenix International
PO Box 77, St. Peter Port, Guernsey.
Inter-Dollar Fund ... | $2.50 | 2.70 | ... | —

Quest Fund Mngmnt. (Jersey) Ltd.
P.O. Box 194, St. Helier, Jersey. 0534 27441
Quest Stlg. Fxd. Int. ... | 95.3 | 101.4 | ... | —
Quest Intl. Secs. ... | $US97.2 | 104.6 | ... | —
Quest Intl. Bd. ... | $US98.8 | 105.2 | ... | —
Price at Sept. 13. Next dealing Sept. 20.

Richmond Life Ass. Ltd.
48, Athol Street, Douglas, I.O.M. 0624 23914
(x)The Silver Trust ... | 108.0 | 110.7 | +0.3 | —
Richmond Bond 97. ... | 180.1 | 189.6 | ... | 10.71
Do. Platinum Bd. ... | 126.8 | 133.5 | −0.9 | —
Do. Gold Bd. ... | 114.0 | 120.0 | +1.0 | —
Do. Em. 97/02 Bd. ... | 166.7 | 175.5 | −0.4 | 11.31

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct. Guernsey. 0481 26331
O.C. Eq. Fr. Aug. 31 ... | 57.4 | 60.8 | ... | 2.68
O.C. Inc. Fd. Sept. 1 ... | 161.5 | 171.8 | ... | 6.81
O.C. Intl. Fd.† ... | $1.38 | 1.46 | ... | 1.20
OC SmCo Fd Aug. 31 ... | 154.0 | 163.8 | ... | 3.08
O.C. Commodity* ... | 145.8 | 155.1 | ... | 4.16
O.C. Dir. Comdty.† ... | $27.71 | 29.37 | ... | 0.68
*Prices on Sept. 14. Next dealing Sept. 29
†Prices on September 7. Next dealing September 21.

Rothschild Asset Mngt. (Bermuda)

NOTES

Brown Shipley

offer

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London EC2R 7HE
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FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1978 High	Low	Stock	£	+ or –	Yield Int.	Red.
105⅛	101⅛	Treasury 11½pc '79‡‡	101⅜	–⅛	11.34	8.51
97	94¼	Treasury 3pc '79‡‡	96⅝xd	–⅛	3.11	6.84
97⅞	95½	Electric 4½pc '74-79	97¼xd	+¼	4.57	7.11
104½	99⅞	Treasury 10½pc '79‡‡	100⅛	–⅛	10.43	9.75
96½	94¼	Electric 3½pc '76-79	99⅝	–⅛	3.66	7.50
103⅜	96⅞	Treasury 9pc 1980‡‡	98⅛	–⅛	9.11	9.91
102½	97⅛	Treasury 9½pc '80‡‡	98¾	–⅛	9.62	10.31
95⅛	92⅞	Treasury 3½pc '77-80	93⅝	–⅛	3.74	7.47
96½	93¼	Funding 5¼pc '78-80‡‡	94	.....	5.59	9.04
110¼	103⅛	Exchequer 13pc 1980‡‡	103⅛	–⅛	12.54	10.98
106¼	99½	Treasury 11½pc 1981‡‡	100⅛	–⅛	11.42	11.10
91⅝	88¼	Treasury 3½pc 1979-81	89¾	.....	3.90	8.27
101¼	95⅝	Treasury 9¾pc 1981‡‡	96⅛xd	–⅛	10.07	11.25
97½	91⅞	Exch. 8¼pc 1981	93⅛	–⅛	8.84	11.11
100¾	94⅛	Exch. 9¾pc 1981	95½	–⅛	9.95	11.36
87½	85⅝	Exch. 3pc 1981	86¼	+⅛	3.48	8.46
97½	95⅛	Treas. Variable '81‡‡	95⅛	.....	9.77	9.80
111	102⅝	Exch. 12¾pc 1981‡‡	103⅛	–⅛	12.34	11.43
99⅞	91⅜	Treas. 8½pc '80-82‡‡	92⅞	–⅛	9.15	11.09
85⅛	82⅞	Treasury 3pc '82‡‡	84⅞	.....	3.54	8.17
115⅞	106¼	Treasury 14pc '82‡‡	107⅛xd	–⅛	13.05	11.42
96¼	94⅝	Treas. Variable '82‡‡	94⅝	–⅛	9.88	11.12
96⅝	89⅝	Treasury 8¼pc '82	91¼	–⅛	9.04	11.12
100¼	91⅛	Exch. 9¼pc 1982	92⅛xd	–⅛	9.98	11.58
96⅛	89½	Exch. 8¾pc 1983	90¾	–⅛	9.64	11.51
85¼	79⅝	Exch. 3pc '83	81⅞	.....	3.66	7.94
114¼	100½	Treasury 12pc 1983‡‡	101⅛xd	–⅛	11.82	11.56
100⅛	89⅝	Treasury 9¾pc '83	91⅛	–⅛	11.15	11.65

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FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	24	.....	—	—
41	33	Do 5pc Pref.	41	.....	—	—
98	93	Chilean Mixed	98	.....	—	£3.10
415	350	German Yng. 4½pc.	411	.....	4½	—
54	46	Greek 7pc Ass.	52	.....	3½	£6.90
51	46	Do 6pc 28 Stab. Ass.	50	.....	6	£6.04
44	40	Do 4pc Mixed Ass.	42	.....	4	£5.05

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 46¼% (based on US$1.9615 per £)
Conversion factor 0.6848 (0.6780)

CANADIANS

S.E. List Premium 46¼% (based on $2.2958 per £)

BANKS AND HIRE PURCHASE

1978 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's	P/E
142	96	Grindlays	139	–1	2.79	7.1	3.0	4.9
260	185	Guinness Peat	240xd	–5	10.31	—	6.4	—
217	155	Hambros	202	+4	9.76	—	7.2	—
100	81	Hill Samuel	98	–1	4.97	—	7.6	—
600	325	Do. Warrants	350	.....	—	—	—	—
360	203	Hong Shng $2.50	312	–12	hQ59c	—	2.2	—
69	52	Jessel Toynbee	62	.....	h3.32	—	8.0	—
215	160	Joseph (Leo) £1	200	.....	8.74	—	6.5	—
52	37	Keyser Ullmann	50	.....	0.67	—	2.0	—
74	56	King & Shax 20p	64	+2	3.44	—	8.0	—
114	90	Kleinwort B.L.	108	.....	4.18	—	5.8	—
297	242	Lloyds £1	268	–6	†9.23	4.8	5.1	6.1

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Hire Purchase, etc.

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Telephone: 01-248 8000.
For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026

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INDUSTRIALS—Continued

1978 Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
22	Ingall Inds. 10p	32½	.....	†1.91	1.6	8.8	9.9
61	Initial Services	89xr	−1	†5.06	2.6	8.5	6.9
8	Inter-City 20p	14½	.....	0.61	2.7	6.3	8.9
39	James (John)	52½	.....	d2.76	2.8	7.9	5.1
7½	Jones (E.) Inds 20p	15¾	.....	d1.02	ϕ	9.6	ϕ
49	Jardine M. SHK5	275	−11	Q67c	2.2	2.9	15.4
23½	Jentique	32	−½	2.72	ϕ	10.9	ϕ
10	Johnson & Barnes	10		—	—	—	—
76½	Johnson Clnrs.	103	−2	†3.95	4.0	5.7	4.8
75	Johnson Mthy. £1	465	−8	13.83	3.6	4.4	9.0
32	Jourdan (T.) 10p	41xd	.....	†2.93	2.7	10.7	4.4
28	Kalamazoo 10p	34	.....	†1.98	1.8	8.7	9.7
88	Kelsey Inds	104	−2	3.28	6.6	4.7	4.9
23	Kennedy Sm. 10p	42xd	.....	1.61	ϕ	5.7	ϕ
90	Kershaw (A.) 5p	£10⅜	.....	†16.14	2.0	2.3	(26.5)
52	Kleen-E-Ze Hldgs.	69	.....	d4.33	1.9	9.4	8.3
76	L.C.P. Hlds.	100	.....	4.86	2.4	7.3	6.8
32	L.K. Ind'l. Invs.	41	.....	†d2.64	3.0	10.0	5.8
20½	L.R.C. Int. 10p	35	−½	2.23	1.6	9.6	8.7
53	Lawtex	68	.....	2.95	4.8	6.5	4.8
28	Lead Inds. 50p	164	.....	†7.48	3.3	7.0	6.6
79	Leadenhall Sterling	122	.....	4.15	4.4	5.2	6.5
38	Le Bas (Ed.)	42xd	−1	†1.85	4.4	6.6	5.2
13	Leboff Fobel 10p	47½	−½	1.79	3.6	5.6	6.2
36	Lebus Harris	47	.....	3.32	2.9	10.5	(3.8)
33	Leigh Ints. 5p	166	−1	†4.43	2.2	4.0	22.2
76	Leisure Car. 10p	110xn	−1	b3.25	2.3	4.4	14.3
15	Lep Group 10p	250	.....	3.46	ϕ	2.1	ϕ
57	Lesney Prods. 5p	93	−2	d2.94	3.7	4.7	6.6
38	Letraset 10p	149	−1	5.4	3.0	11.0	ϕ
15	Liden 10p	19	.....	—	—	—	—
12	Lindsay & Wms.	69	.....	3.05	3.7	6.6	5.1
18	Lindustries	147	.....	9.14	2.1	9.3	6.2
14	Lon. & Nthn. Grp.	33	.....	2.03	2.6	9.2	6.4
14	Long Hmbly. 10p	45	.....	g1.60	5.8	5.3	4.0
12	Longton Trans.	74xd	.....	d3.86	3.1	8.1	4.5
8	Lonsdale Univrsl.	91	.....	†4.70	2.5	7.7	6.8
3	Low & Bonar 50p	200	.....	†11.05	2.5	8.4	5.6
4	M.Y. Dart 10p	66	−1	†2.17	3.9	4.9	5.9
8	Macanie Ldn. 10p	27	.....	2.03	0.8	11.2	(21.1)
6	M'c'rthy Ph. 20p	118	−2	4.40	4.4	5.6	4.4
8	Macfarlane Gp.	74	.....	†3.90	1.5	7.9	11.4
5	McBride Rbt. 10p	294#	.....	ϕh1.65	9.5	1.3	14.2
0	McCleery L'A	16	.....	0.25	—	2.4	—
5	MacLellan (P. & W.)	23	.....	1.32	0.7	8.6	25.7
5	Macpherson (D.)	78	−1	†2.68	3.7	5.1	8.0
3	Magnolia Group	112xd	.....	†d2.74	6.5	3.6	6.3
6	Man. Ship Can. £1	250	.....	15.80	1.3	9.4	12.0
7	Marling Ind. 10p	37	.....	d1.04	4.2	4.7	7.5
3	Marshall L...	51	.....	d2.53	4.7	7.4	3.3
4	Marshall's Univ.	153	−2	6.49	3.9	6.3	5.0
5	Martin-Black	65	.....	4.06	—	9.3	—
6½	Mathesons 7¼pc.	£121½	.....	Q7¼%	2.3	16.5	—

INSURANCE—Continued

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EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

DAIWA SECURITIES

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
210	155	Falcon Rh.50c	170xd	.....	Q60c	ϕ	21.4
24	15	Rhod'n Corp. 16⅔p.	17	.....	0.57	7.1	5.0
80	52	Roan Cons. K4	70	.....	—	—	—
41	32	Wankie Col. Rh.1	35	.....	†Q7½c	1.4	18.3
17½	10	Zam.Cpr.SBD0.24	15½	.....	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
15	10	Acmex 25c	13	.....	—	—	—
140	64	Bougainville 50 Toea	133	−4	†Q8c	1.4	3.8
131	63	BH South 50c	130	−1	—	—	—
820	150	Central Pacific	575	.....	—	—	—
356	148	Conzinc Riotinto 50c	318	−4	‡Q10c	2.2	‡
27	9½	Endeavour 20c	25	.....	—	—	—
72	45	G.M. Kalgoorlie $1	58	.....	—	—	—
58	18	Hacma Gold N.L.	62	.....	—	—	—
140	81	Hampton Areas 5p	122	−1	†3.55	2.0	4.1
40	10	Metals Ex. 50c	39	.....	—	—	—
223	125	M.I.M. Hldgs. 50c	202	−5	Q9c	1.7	2.8
39	10	Mount Lyell 25c	33	.....	—	—	—
6½	1½	Newmetal 10c	5	.....	—	—	—
143	79	North B. Hill 50c	121	−3	Q8c	ϕ	4.2
16½	8½	Nth. Kalgurli	14½	−½	—	—	—
50	12	Nth. West Mining	43	.....	—	—	—
178	117	Oakbridge $A1	153	.....	†Q11c	1.9	4.4
70	30	Pacific Copper	70	+4	—	—	—
£15½	750	Pancont'l 25c	£12½	−¼	—	—	—
40	12	Paringa M&E 5p	28½	.....	—	—	—
570	310	Peko-Wallsend 50c	556	−4	Q15c	ϕ	1.7
300	50	Southern Pacific	215	−10	—	—	—
164	84	Westn. Mining 50c	160	−2	Q3c	ϕ	‡
70	35	Whim Creek 20c	45	.....	—	—	—

TINS

1978 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	25xd	−1	2.82	ϕ	16.9
420	240	Ayer Hitam SM1	370	−10	‡Q46.1c	0.9	‡
60	45	Beralt Tin	50	.....	t4.0	4.4	12.6
305	200	Berjuntai SM1	265	−10	Q110c	ϕ	8.9
155	111	Geevor	150	.....	5.04	5.8	5.0
10½	8½	Gold & Base 12½p	9	−1	—	—	—
330	220	Gopeng Cons.	330	.....	15.23	0.9	7.0
225	130	Hongkong	225	.....	—	—	—
93	78	Idris 10p	90	.....	‡12.0	1.6	‡
11	7	Jantar 12½p	7	−1	—	—	—
84	68	Kamunting SM0.50	78	−2	Q12½c	2.1	3.4
640	450	Killinghall	640	.....	Q125	ϕ	20.2
470	280	Malay Dredging SM1	450	−5	†Q95c	0.8	4.5
78	40	ΔPahang	70	−4	‡Q3.75c	0.5	‡
78	50	Pengkalen 10p	75	−1	6.60	1.3	13.1
270	165	Petaling SM1	270	.....	†Q80c	1.6	6.8
64	49	Saint Piran	62	.....	2.03	ϕ	4.9
61	47	South Crofty 10p	60	.....	4.19	2.0	10.4
245	140	South Kinta SM0.50	220	−5	Q70c	ϕ	6.8
340	230	Sthn. Malayan SM1	320	.....	tQ131.5c	1.1	8.8
240	134	Sungei Besi SM1	220	−5	Q65c	ϕ	6.4
85	55	Supreme Corp. SM1	70	.....	ZQ10c	—	3.1
100	85	Tanjong 15p	90	.....	6.60	0.8	10.9
100	74	Tongkah Hrbr. SM1	90	.....	‡Q5.32½	1.6	‡
270	148	Tronoh SM1	250	−5	ZQ80c	1.6	7.6

COPPER

1978 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
104	70	Messina R0.50	80	−1	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
68	35	Barymin 5p	64	−2	—	—	—
17	9	Burma Mines 17½p	13	.....	—	—	—
300	215	Cons. Murch. 10c	265	.....	‡Q30c	2.6	‡
465	245	Northgate C$1	360	−15	—	—	—
258	164	R.T.Z.	246	−7	9.5	2.8	5.8
90	30	Sabina Inds. C$1	54	+6	—	—	—
£12	750	Tara Expcn. $1	875	+28	—	—	—
74	43	Tehidy Minerals 10p	74	.....	ϕ1.35	ϕ	2.7
165	120	Yukon Cons. C$1	145	.....	Q7c	2.9	2.3

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim, reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	25	.....
Ash Spinning	48	.....
Bertam	20	.....
Bdg'wtr. Est. 50p	308	.....
Clover Croft	26	.....
Craig & Rose £1	520	.....
Dyson (R. A.) A	39	.....
Ellis & McHdy.	66	+2
Evered	29xd	.....
Fife Forge	52	.....
Finlay Pkg. 5p	21	.....
Graig Ship. £1	125	.....
Higsons Brew.	77	.....
I.O.M. Stm. £1	153	.....
Holt (Jos.) 25p	260	.....
N'thn. Goldsmith	70	.....
Pearce (C. H.)	190	.....
Peel Mills	20	.....
Sheffield Brick	44	.....
Sheff. Refrshmt.	63	.....
Sindall (Wm.)	105	.....

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£91¾	.....
Alliance Gas	67	+5
Arnott	370	.....
Carroll (P.J.)	107	+2
Clondalkin	90	.....
Concrete Prods.	145	.....
Heiton (Hldgs.)	47	+1
Ins. Corp.	175	.....
Irish Ropes	130	.....
Jacob	67½	+2½
Sunbeam	31	−1
T.M.G.	185	+4
Unidare	110	.....

OPTIONS
3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	20	Tube Invest.	30
A.P. Cement	18	"Imps"	6	Unilever	35
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	11	Invereak	8	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	35	Ladbroke	17	**Property**	
Boots Drug	15	Legal & Gen.	14	Brit. Land	3¼
Bowaters	16	Lex Service	7	Cap. Counties	4½
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lofs"	4	Intreuropean	4
Brown (J.)	20	London Brick	5	Land Secs.	16
Burton 'A'	12	Lonrho	5	MEPC	12
Cadburys	5	Lucas Inds.	25	Peachey	8
Courtaulds	10	Lyons (J.)	10	Samuel Props.	9
Debenhams	8	"Mams"	7	Town & City	1¼
Distillers	15	Mrks. & Spncr.	10	**Oils**	
Dunlop	7	Midland Bank	25	Brit. Petroleum	45
Eagle Star	11	N.E.I.	12	Burmah Oil	5
E.M.I.	14	Nat. West Bank.	22	Charterhall	3
Gen. Accident	17	Do. Warrants	10	Shell	28
Gen. Electric	19	P & O Dfd.	6	Ultramar	20
Glaxo	40	Plessey	8	**Mines**	
Grand Met.	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	20	Rank Org. 'A'	18	Cons. Gold	14
Guardian	18	Reed Intnl.	12	Rio T. Zinc	16
G.K.N.	22	Spillers	3		
Hawker Sidd.	20	Tesco	4		
House of Fraser	12	Thorn	22		
		Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

VALUATIONS
FOR C.C.A.
BERNARD THORPE
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FINANCIAL TIMES

Wednesday September 20 1978

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British money broker to trade in Tokyo

BY JAMES BARTHOLOMEW

ONE OF the two leading British money brokers, Astley and Pearce, will start trading in Tokyo on October 2. It will be the first foreign broking firm allowed to deal in Japan.

Conditional permission for the opening was granted in April but doubts still remained about whether the branch would become established.

Astley and Pearce was subject to a new rule whereby it had to obtain the sponsorship of 34 banks, including all 14 City banks. Previously sponsorship of only four banks had been required. The firm was able to obtain sponsorship from 44 banks.

It will become a full member of the Japanese Brokers' Association on October 1. Full admittance to the Japanese broking fraternity is a coup for the company and follows a year of negotiation and diplomacy.

The role of the Bank of England, the Bank of Japan and the British Embassy in Japan was praised by Mr. John Gunn, managing director of Astley and Pearce yesterday. He said he had "nothing but admiration" for the help and advice they had given.

Middlemen

Money brokers are middlemen between banks who want to buy and sell currency or deposits. The market in Japan has different practices from those elsewhere and in particular the brokers are not allowed to arrange deals between banks in Japan and banks overseas.

Astley and Pearce has been admitted to the association on condition that it adheres to local practices and customs. It accepted this condition, believing the Japanese market can only change at the speed, and in the way, that the authorities there desire.

However it has requested that international broking operations and extension of market hours should be allowed. Without these changes, the venture would remain on al limited domestic scale. The brokers' association has agreed to study these requests next year.

Tokyo is the last remaining financial centre without international money broking. Controls in banking and finance have been eased recently and exchange control regulations are being reviewed.

City money brokers breaks the Tokyo ice, Page 23

Bathgate strikers to consider going back

BY RAY PERMAN, SCOTTISH CORRESPONDENT

SHOP STEWARDS at the BL (formerly British Leyland) Bathgate truck and tractor plant hope that a return to work next week by the 1,500 machinists, whose unofficial strike has stopped production for six weeks, will persuade the management to reinstate its £32m investment programme.

The strikers are to meet on *Friday to consider a recommendation* from the stewards to call off the dispute. The company has persistently refused to discuss their claim for extra money; their union and other sections of the plant oppose them: and it is thought likely *that they will vote to return.*

However, only 36 of the 45 machine-shop stewards attended the meeting yesterday and the decision to recommend an end to the strike was close, at 20 to 16.

They were urged to call off *the strike* by Mr. Jimmy Swan, union convener at Bathgate, who has led the attempt by the Amalgamated Union of Engineering Workers (AUEW) and the inter-union plant shop stewards' committee to settle the dispute.

He said that there would be a *meeting with Mr. Gavin Laird,* the union's Scottish executive member, who has offered to raise the machinists' grievances with the management, provided they return to normal working.'

The dispute began when machinists refused to work with new *equipment, although it was* covered by an agreement signed by their union.

Mr. Swan added that the strike leaders had been told that they were unlikely to get any extra money for operating new automatic machine tools, except through the productivity arrangements covering the *whole plant.*

The union's priority is to reverse the decision by Leyland Vehicles, announced on Monday, to switch new investment away from Bathgate to reduce the dependence of the rest of the company on the plant. The *workforce was to have been expanded* from its present level of 5,500 to 9,000 by 1982, but will now only rise to 7,500.

The local constituency Labour Party has written to the Prime Minister, Mr. Eric Varley, the Industry Secretary, Mr. Bruce *Millan, the Scottish Secretary,* and the Scottish TUC in an attempt to get the company to change its mind.

BL says that the decision to cancel investment plans is "non-negotiable." It added yesterday that, although cautiously optimistic *about a return to work* at Bathgate, it saw no reason to reverse the decision.

Courage

Arthur Smith writes: The leader of the 32 unofficial strikers at SU Fuel Systems will today urge an all-out strike by 3,000 BL Cars toolmakers.

Mr. George Regan said last night that it was time for the unofficial toolroom committee, led by Mr. Roy Fraser, to have "the courage" to take action. "*This is a decision we will be* faced with whether it is this month or in the future. The toolroom committee has the authority to call a strike."

Mr. Regan maintained that without an initiative by the committee, which meets in Birmingham today, the committee might *as well be dissolved.*

"It is no use relying on the 32 to fight their battles. Without any input from the 3,000 we shall face the combined strength of the trade union and the management."

The committee is unlikely to be *rushed into precipitate action.* The main question is whether, after management moves to improve the relative pay of toolmakers, another strike would gain support.

The decision of the AUEW district committee not to expel the 32 *must be seen* by the toolmakers as a victory in their campaign for recognition of their case for improved differentials.

Mr. Fraser has called a meeting for October 4 with another unofficial BL Cars body: the craft committee, which is also seeking improved pay for skilled workers. They will explore the possibility of joint action.

Alan Pike adds: The AUEW executive has reaffirmed that it is prepared to seek advancement of pay parity dates in BL if productivity permits.

On Monday the 32 toolmakers voted to seek a commitment from the executive that it will support their claim for parity with the Rover toolroom before deciding on a return to work.

The executive is not giving an undertaking to the SU strikers in *isolation.* But *Mr. John Boyd,* general secretary, said yesterday that it was ready to work for the advancement of the entire parity exercise, due for implementation in November next year.

World aluminium industry faces EEC anti-cartel proceedings

BY GILES MERRITT

BRUSSELS, Sept. 19.

THE EUROPEAN Commission has initiated anti-cartel proceedings against what amounts to the world aluminium industry.

In the first formal move of what promises to be a hard-fought legal tussle, the Commission has sent 196 pages of detailed "statements of objection" to more than 30 aluminium companies, including a number of Comecon state trading bodies.

The companies now have three months to prepare their defences. The Commission can then decide either to drop its case or to impose fines.

The complexity of the alleged infractions of the Treaty of Rome is expected to lead to a legal marathon. Some aluminium companies have also suggested that they may contest any EEC Commission fine.

The case against the aluminium companies concerns the Eastern Purchase Agreements of 1963 to 1975, between aluminium companies within the EEC and state trading organisations in Hungary, Poland, East Germany and the Soviet Union.

According to reports in Brussels, the practice in dispute involved the purchase of so-called "Russian metal" from the four Eastern European countries at comparatively low prices, and the re-selling of it inside the *Community* at an agreed higher price.

The EEC Competition Department's investigation began in 1975. The Eastern Purchase Agreements had been notified to the Brussels Commission as a restrictive practice in 1970.

They were discontinued by the companies in 1976.

In 1975, the Commission declared that trading rules adopted by several aluminium companies under the aegis of a Lichtenstein-based organisation—the International Fair Trade Practice Rules Administration—permitted price fixing and dumping.

The suspicion here is that M. Raymond Vouel, the Competition Commissioner, has widened his inquiry into a general investigation of price fixing

Return of major trunk road powers pleases counties

BY LYNTON McLAIN

THE GOVERNMENT plan to pass its responsibility for trunk road building to county councils by the early 1980s was welcomed by the Association of County Councils yesterday.

The plan was published by the Department of Transport in July in a discussion paper on "Future organisation for road construction." This call for a phased return to local authorities of the road construction units controlled by the Department for building major trunk roads.

The authorities already control all local road programmes. The transfer of the trunk road programmes would give the councils "maximum flexibility in redeploying staff between trunk and local road programmes," the Department said.

This was welcomed by Mr. James Ireland, the chairman of the ACC's planning and transport committee. He said the Association was delighted that the Department had recognised that the time was right for the transfer of trunk road building to the counties.

Continued from Page 1

Sanctions busting

by non-British sources at Lourenço Marques.

This is a reference to the so-called oil swap, whereby orders placed on Shell South Africa by Parry Leon and Hayhoe (and later its successor company, Freight Services) were met with oil supplied by Total in Lourenço Marques, while the British subsidiaries reimbursed Total with an equivalent total elsewhere.

● Apparently in 1972 the "swap" arrangement ended and orders placed by Freight Ser*vices on Shell South Africa* were met from products supplied by the Consolidated (Shell-B South African marketing companies and delivered by Shell Mozambique at Lourenço Marques.

During visits to South Africa *in 1974 executives of Shell and* BP discovered the swap had ended.

One of the executives, Mr. J. G. Francis, area co-ordinator for Shell, told local management that steps should be taken at once to remove Shell Mozambique from the chain of supply, but this was not done before the closure of the Mozambique-Rhodesia border in March, 1976.

Making observations on submissions by the oil companies to the inquiry, Mr. Bingham notes that Shell from the outset had considered that sanctions against Rhodesia would not be effective unless South Africa were also blockaded. He notes that it was the policy of the Government between 1965 and 1969 "at all costs to avoid economic confrontation with South Africa."

Rhodesia is still receiving full oil supplies, says the report. At the time of UDI total consumption of oil products in the country was about 410,000 tonnes a year. This has now increased to about 800,000 tonnes a year.

The main supply route, it says, is the Beitbridge rail route directly from South Africa, although some supplementary oil traffic is still going by road.

Both Shell and BP yesterday denied reports that the companies were still involved in arranging for oil to reach Rhodesia.

Sir David Steel, BP chairman, said that BP southern Africa had no special supply or swap arrangements relating to oil product supplies to Rhodesia, either via Sasol, the South African Government-owned undertaking or via Natref, a refinery to the south-west of Johannesburg.

Natref is owned 52.5 per cent by Sasol, 17.5 per cent by the National Iranian Oil Company and 30 per cent by Compagnie Francaise des Petroles (Total).

He said he was "entirely satisfied" about the validity of the assurances to the Government in July last year about BP's present role. Recent accusations by the Sunday Times on the point were "offensive and defamatory."

Continued from Page 1

Pearson

Lord Gibson, chairman of both Pearson and Pearson Longman denied that the terms were unfair. The publishing group, he said, would have access to Pearson's considerable resources, particularly its dollar rich assets *in the S.* This was important as the publishing group, whose earnings were cyclical, had ambitions to expand in the U.S. but had no dollar resources.

Lord Gibson told the meeting that although the parent group would always do what it could to help its *publishing* arm he felt that Pearson Longman would have an even better future if it was a wholly owned subsidiary.

He said that Pearson had helped Longman in the past but if the scheme was rejected it might not always be able to support bids in the U.S. and then Pearson Longman would be forced to borrow across the dollar premium.

The deal would have failed even if all 15m shares had been voted. Ahead of the meeting opponents of the scheme had needed to call on 3¾m shares—they beat that total by 120,000 shares. Proxy votes gave the opponents just under 3m shares, the rest being voted at the meeting.

Mr. Hare said later that S. Pearson had pushed up its offer terms on the advice of Pearson Longman's merchant bank advisers J. Henry Schroder Wagg, which had achieved the very best terms available

Norway may nationalise threatened ships

Financial Times Reporter

THE Norwegian Government is considering taking into state ownership modern merchant ships which owners might otherwise be forced to sell abroad.

The scheme would be funded from the Kr 1.5bn (£150m) still remaining of the sum allocated by the government to the Norwegian Guarantee Institute. The institute has been used in the past two years to cover the debts of ailing shipowners.

If implemented, the plan would involve a dramatic change *of direction in Norwegian shipping* policy. It would represent the first wide-ranging government decision to respond to the shipping slump with a policy of nationalisation.

Mr. Per Martin Olberg, Deputy Shipping Minister in the Labour Government, said yesterday the whole idea was still at the discussion stage.

His statement came after details of the idea were leaked to the Oslo newspaper, Arbeiderbladet, often the mouthpiece of the ruling Labour Party.

According to the newspaper, the Government would be interested only in ships for which freight contracts could be obtained. The Government would use sound Norwegian shipping companies to manage its fleet.

Reluctant

The Norwegian Shipowners Association said it had been told nothing of the scheme during recent extensive talks with senior Ministers about the future of the industry.

The owners will strongly resist the plan. But the Government appears equally reluctant to help the owners either by enabling them to transfer vessels to foreign registries with lower crew costs or by offering tax *advantages.*

The new development follows shortly after an agreement between the Guarantee Institute and Hambros Bank on the coverage of debts for the Reksten shipping companies.

A proposal to finance any new State venture from institute funds would appear to raise doubts about the possibility of the institute's acting to help companies in the future.

Commonwealth talks on IMF resources

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

CONCERTED pressure for an increase in resources available to the World Bank and the International Monetary Fund is expected to result from discussions among Commonwealth Finance Ministers starting in Montreal today.

The ministers are holding their traditional two days of talks before the annual meetings of the two bodies which start in Washington immediately afterwards.

Mr. Denis Healey, the Chancellor of the Exchequer, flew to Montreal yesterday at the start of 10 days of talks to be followed by a largely private visit to New York.

The main concern of ministers at the Montreal meeting is likely to be to find the best way to press for an increase in the resources of the IMF and the World Bank, the need for which is generally agreed within the Commonwealth.

However, the U.S. Administration has appeared to be dragging its feet both about the latest proposals for a big increase in member countries' IMF quotas and a further allocation of special drawing rights, the credits created by the IMF and based on a basket of 16 currencies. U.S. officials have been reluctant to make new commitments on these topics because of their cool reception in Congress, which has still not finally approved the *supplementary* financing facility for the IMF.

Britain, like most of the Commonwealth, favours a substantial increase in quotas and an extra Special Drawing Right allocation. Mr. Healey's view is that, while there is a quite a lot of liquidity in the world, it is not necessarily we distributed.

Apart from discussing the need for increasing the capita of the World Bank and the IMF's resources, the finance ministers are also expected to talk about *Commonwealth co-operation.* This is likely to include an examination of trends in bilateral aid and a review of activities begun by the Commonwealth Secretariat relating to access to capital markets.

The two-day Commonwealth meetings are *traditionally* low key though, in the past, Mr. Healey has sometimes taken the opportunity to give an indication of his thinking

Apart from the formal agenda, a large amount of the ministers' time, in both Montreal and Washington, is likely to be taken up with discussions about the dollar and the proposed European Monetary System.

Weather

UK TODAY

MOSTLY dry, sunny spells, some rain in N.

London, S.E. England, E. Anglia, E. Midlands
Dry, sunny periods. Max. 18C (64F).

Cent. S., S.W. England, W. Midlands, Channel Isles
Mainly dry, sunny intervals. Max. 17C (63F).

E., N.E. England
Dry, sunny spells. Max. 15C (59F).

Wales, I. of Man, N. Ireland
Dry, sunny spells. Max. 16C (61F).

N.W., Cent. N. England, Lakes, Borders, Glasgow, Edinburgh, Dundee, S.W. Scotland
Cloudy, occasional rain, bright intervals. Max. 14C-16C (57F-61F).

Aberdeen, Moray Firth, N.E. Scotland, Orkney, Shetland
Sunny intervals, rain later. Max. 12C-14C (54F-57F).

Cent. Highlands, Argyll, N.W. Scotland
Cloudy, occasional rain, brighter later. Max. 14C (57F).

Outlook: Mostly dry, sunny spells.

BUSINESS CENTRES

		Y'day Midday °C	°F			Y'day Midday °C	°F
Amsterdm	F	15	59	London	S	17	63
Athens	S	25	77	Luxembrg.	C	13	55
Bahrain	S	33	93	Madrid	S	20	54
Barcelona	S	26	78	Manchestr	C	16	61
Belfast	C	13	55	Melbourne	R	14	57
Belgrade	C	20	68	Mexico C.	S	20	68
Berlin	F	12	54	Montreal	S	14	57
Birmnghm	C	15	59	Moscow	C	11	52
Bristol	F	16	61	Munich	C	15	59
Brussels	S	15	59	Newcastle	C	13	55
B. Aires	R	11	52	New York	C	12	54
Cairo	S	34	93	Oslo	S	13	55
Cardiff	F	16	61	Paris	S	18	64
Chicago	S	25	77	Perth	R	10	50
Cologne	C	13	55	Rio de J'o	S	29	84
Copenhagn	C	5	40	Rome	S	25	77
Dublin	C	15	59	Singapore	S	30	86
Edinburgh	C	14	57	Stockholm	C	10	50
Geneva	S	18	64	Sydney	R	16	61
Glasgow	C	15	59	Tehran	S	32	90
H. Kong	C	30	86	Tokyo	S	25	77
Jo'burg	S	25	77	Toronto	C	11	52
Lisbon	S	26	79	Vienna	F	18	64

HOLIDAY RESORTS

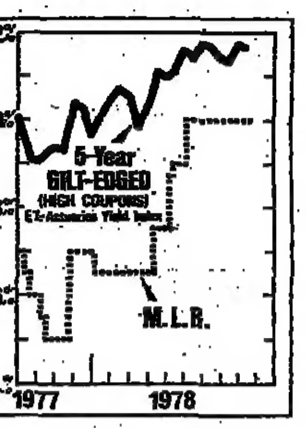
		Y'day Midday °C	°F			Y'day Midday °C	°F
Biarritz	S	21	70	Is. of Man	F	15	59
Blackpool	S	15	59	Jersey	S	16	61
Bordeaux	S	22	72	Las Palmas	S	28	82
Cape Tn.	S	15	59	Majorca	S	28	82
Florence	S	24	75	Malaga	S	25	77
Gibraltar	S	24	75	Malta	S	27	81
Guernsey	S	15	59	Nairobi	S	25	77
Innsbruck	F	18	64	Nice	F	23	73
Inverness	F	13	55	Venice	S	23	73

C—Cloudy. F—Fair. R—Rain. S—Sunny.

THE LEX COLUMN

Some tricky sums at Thomson

Index fell 5.6 to 525.2



Today marks the start of dealings in International Thomson Organisation (ITO), which is the Thomson Organisation reborn, and the event is awaited with some trepidation by the market. Thomson shares have been exchanged for common stock in ITO, which ranks as a foreign currency security, plus sterling/dollar convertible preference shares.

The package would be tricky to evaluate accurately in the best of circumstances. What makes it almost impossible is the size of the preference element, which could amount to about £250m. That would roughly double the size of the existing UK sterling/dollar convertible market, and dwarf the value of the common stock into which it is to be converted. The tail is very much bigger than the dog.

So the jobbers do not really know what is going to hit them this morning. The theoretical prices, based on last night's closing price of 265p for Thomson, could be a shade under 240p for the convertible and around 310p for the common, cum premium. But in practice a lot rests on whether the stock is being bought by gross or net funds—which would place a different value on the future income stream in the convertible—and whether a prospective p/e of under 7 ex premium will attract non-resident buyers. Phillips and Drew, in a circular on the new securities, suggest that UK investors might well cash in the dollar premium element by selling the common and switching into the higher yielding convertible.

Group Lotus

Yesterday's accounts from Group Lotus came a year to the day after it entered into a £2.6m funding agreement with American Express International Banking Corporation. They suggest the exercise was worthwhile. Lotus had been facing financial difficulties for some years as it spent heavily on R and D in a move up-market. The group incurred losses of £1.2m in 1975, barely broke even in 1976, and ended that year with short-term borrowings amounting to 75 per cent of shareholders' funds.

Something had to be done. Lotus went to Equity Capital for Industry and Finance for Industry—but without success. Even the Government is said to have professed little interest in the possible loss of 500 jobs in Norwich. American Express, on the other hand, was not put off. Believing that everything was right about Lotus except its finances it put together a five-year loan of £2m, with a further overdraft facility of £600,000. It also imposed very strict conditions on what Lotus could do with the money, and took an option on 9.7 per cent of the shares.

If is too early yet to say that *Lotus is out of the woods*—it reported a profit of £556,674 for 1977 though overall gearing is slightly higher—but there is ample evidence that it is benefiting from the American Express involvement.

French rights

Yesterday's rights issues from Lafarge and Pétroles BP take the total new share capital raised on the Paris Bourse since the elections to over FFr 2bn—and there is plenty more to come. The Lafarge issue has been priced at only 2 per cent discount to the market's closing price of FFr 204.30 but the underwriters will presumably support the FFr 200 level if necessary. The insurance companies, which are rumoured to be buying more equities in return for being allowed to put up their premiums, may have a role to play here.

The tight pricing is to some extent made up for by forecasts of good profit growth this year and a substantial dividend increase, plus the fact that the new shares will rank for this year's dividend. But consolidated profits are only forecast to return to 1976 levels and although Lafarge seems to be drawing some benefit from the freeing of cement prices in France, earnings from its Canadian business will be depressed this year in franc terms by the weak Canadian dollar.

All in all the historic yield of 8.3 per cent reflects the group's trading position. Lafarge should be able to rely on the *tax concessions given to French* private investors who subscribe to rights issues to help the new shares on their way.

In contrast, private investors hardly figure in the French BP issue, as the parent company *holds 70 per cent of the shares.*

Bank of Scotland

The Bank of Scotland has lon genjoyed a premium rating in the banking sector but it is hard to see how this is justified by its recent record. In 1977-78 the bank's performance looked relatively sluggish in comparison with the other Scottish clearers an dthis trend seems to be continuing in the current year.

At the half way stage pre-tax profits of 13.3m are 2.1 per cent lower than in the immediate preceedin g half year. This very disappointing given the loan volume increased by 11 per cent, the average base rate was nearly a third higher at 8.6 per cent, there was a half point improvement in margins, and there was an initial contribution of perhaps £0.5m from the Henlys stake. Once again pension costs have proved a problem and the extra contribution may have trimmed close to £1m off profits. However, the real problem was the "substantially higher" undisclosed charges for general bad debt *provision.*

The explanation is that The bank has built up its foreign currency lending from virtually nil to around a third of the total over the last three years. As international margins are under severa pressure this means that virtually all the international profits are initially being absorbed in the establishment of bad debt provisions.

Assuming that interest rates *stay around current levels* the Bank of Scotland should be able to make profits of over £30m this year. But it still needs to prove that its rapid expansion into the international markets justifies its premium rating. The shares fell 21p to 282p yesterday but are still selling on a p/e of jus tover 7 compared with a sector average of under six.

TOKAI BANK FINANCIAL STATEMENT

(in thousands)

CONDENSED BALANCE SHEET (As of March 31, 1978)

		¥	US$
Assets	Cash and Due from Banks	¥ 875,416,464	US$ 3,937,110
	Call Loans	44,800,071	201,484
	Securities	1,153,703,856	5,188,684
	Loans and Bills Discounted	4,675,254,858	21,026,557
	Foreign Exchanges	540,699,661	2,431,750
	Domestic Exchange Settlement a/c, Dr.	132,710,396	596,853
	Bank Premises and Real Estate	94,477,562	424,905
	Other Assets	45,084,507	202,764
	Customers' Liabilities for Acceptances and Guarantees	864,643,028	3,888,658
	Total Assets	¥8,426,790,383	US$37,898,765
Liabilities	Deposits	¥5,918,232,244	US$26,616,740
	Call Money	389,318,953	1,750,929
	Borrowed Money	477,786,530	2,148,804
	Foreign Exchanges	157,263,818	707,280
	Domestic Exchange Settlement a/c, Cr.	139,506,833	627,420
	Accrued Expenses	109,717,908	493,447
	Unearned Income	31,877,201	143,365
	Other Liabilities	42,965,356	193,233
	Reserve for Possible Loan Losses	65,744,527	295,680
	Reserve for Retirement Allowances	32,576,777	146,511
	Other Reserves	9,396,178	42,259
	Acceptances and Guarantees	864,643,028	3,888,658
	Total Liabilities	¥8,239,029,352	US$37,054,326
Stockholders' Equity	Paid-up Capital	¥ 54,500,000	US$ 245,109
	Legal Reserves	16,914,811	76,073
	Other Surplus	116,346,220	523,257
	Total Stockholders' Equity	187,761,031	844,439
	Total Liabilities & Stockholders' Equity	¥8,426,790,383	US$37,898,765

PROFIT AND LOSS (For the Year ending March 31, 1978)

	¥	US$
Gross Income	¥ 466,559,609	US$ 2,098,312
Gross Expenses	429,574,653	1,931,976
Profit for the Term before Taxes	36,984,956	166,336
Provision for Taxes on Income	20,237,691	91,017
Profit for the Term after Taxes	16,747,265	75,319

Notes: (1) Yen amounts are converted into U.S. dollars at the rate of ¥222.35 per US$1.
(2) The above statements are nonconsolidated.

TOKAI BANK

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Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.
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